104

MARKUP OF THE CAMPAIGN FINANCE REFORM ACT OF 1996

Y 4. H 81/3: C 15/6

Markup of the Campaign Finance Refo...

HEARING

BEFORE THE

COMMITTEE ON HOUSE OVERSIGHT HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

JULY 10, 1996

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MARKUP OF THE CAMPAIGN FINANCE REFORM ACT OF 1996

WEDNESDAY, JULY 10, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOUSE OVERSIGHT,
Washington, DC.

The committee met, pursuant to call, at 5:11 p.m., in room 1310, Longworth House Office Building, Hon. William M. Thomas (chairman of the committee) presiding.

Present: Representatives Thomas, Ehlers, Roberts, Boehner, Diaz-Balart, Ney, Fazio, Gejdenson, Hoyer, Jefferson, and Pastor.

Staff present: Stacy Carlson, Staff Director; Roman Buhler, Counsel; Mark Blencowe, Counsel; Dan Crowley, Counsel; Catherine Fancchi, Counsel; Chris Wright, Professional Staff; Laura Buhl, Staff Assistant; Kerrie Freeborn, Staff Assistant; and Carla Tully, Staff Assistant.

The CHAIRMAN. The committee will come to order.

Today we will have before us the opportunity to examine in a markup campaign finance legislation. Before we begin, I want to say that although a lot of folks have a lot of opinions in this area about what should be done, relatively few sit down and take the time to put legislation together.

Before we embark upon this journey, I want to compliment the chief of the Majority staff, Stacy Carlson, and the chief of the Minority staff, Tom Jurkovich—incidentally, I am reading these names off of the letterhead of the Committee——

Mr. FAZIO. Mr. Chairman, I would be happy to put out a press release at the conclusion of your remarks that would be perhaps a different version.

The CHAIRMAN [continuing]. And all of those individuals who worked on this legislation.

I know one of the substitutes that will be offered by the Minority, has the gentleman from California, Mr. Farr's, name on it, but he would be the first to admit a lot of the work was done earlier by the gentleman from Connecticut, Mr. Gejdenson.

On our side, we put in a number of hours. As I said, it is always easy to criticize. It is extremely hard work to put together legislation that you believe meets the needs of the problems of the current legislation. So in that light, I want to begin the examination of the legislation.

We will put in front of you a bill that, although partially based on the four hearings that we had, which were the most extensive hearings in front of the appropriate committee of jurisdiction in the two decades that I have been involved with this, clearly builds on

a number of individuals' interaction, both as candidates, as staff assistants, as attorneys, in working with the Federal Election Act over the years, and the Commissioners themselves. The Federal Election Commission suggested a number of changes, many of which we try to incorporate as well as the Minority in their legislation.

Any legislation that attempts to deal with relationships in a fixed time and place, if examined 20 years after it was fixed, needs adjusting. The Federal Election Campaign Act has had more than 20 years to sit and be examined. Although minor adjustments have been made under the rules, we have not been able to make ongoing minor adjustments for those who wanted the overhaul.

We are now at the stage in which we will examine two alternatives which, when examined in terms of the approach that one take to the way in which one would like to see the system evolve, have merit. Neither one of them are perfect. No system is and no system will be perfect.

The most important concern I think that we should maintain as we examine these various pieces of legislation—indeed as we carry out the debate on our side of the Capitol, as it has already partially begun over on the Senate side, and they say "begun" and not ended, despite the press reports apparently to the contrary—is that our shared goal is to strengthen the democratic collective process.

We democratically select representatives to the national government, and truly reflecting on Buckley v. Valeo and their concern about corruption or the appearance of corruption, it is a term that is sometimes used far too lightly. However, to the degree that someone believes their vote is debased, that there is the possibility of corruption, we as the foremost democracy in the world cannot, should not, tolerate even the suspicion of potential corruption.

So we are going to offer, the Minority is going to offer, suggested changes to the system with the same goals in mind, and that is to strengthen the system.

With that, I yield to the gentleman from California for any remarks that he might wish to make.

[The statement of Mr. Thomas follows:]

NEWS FROM...

The Committee on House Oversight

Bill Thomas, Chairman

1309 Longworth House Office Building, Washington, DC 20515 • (202) 225-8281

Statement of Chairman Bill Thomas
Committee on House Oversight
On
The Campaign Finance Reform Act of 1996

Wednesday, July 10, 1996

The campaign finance reform proposal before us today is the result of a series of the most comprehensive hearings since the original 1974 campaign finance reform legislation was passed during the 94th Congress. During those hearings, we heard from the Speaker of the House and the Minority Leader, over 20 members of Congress and the Chairmen of the Republican and Democratic national committees. We also heard from people involved in organizing political action committees as well as those persons who contribute to them. We heard from academics who study our political system to understand how it works and from practioners, candidates, incumbents, volunteers -- who have to live by the law every day. And perhaps most importantly, we heard from voters who are at the heart of campaigns.

From this diverse and knowledgeable group one clear message emerged: the current system needs fixing. The campaign laws on the books now were those written in the aftermath of Watergate, intended to "fix" the system. As we have heard, some of the reforms of the 1970's have led to unintended negative consequences and now change is needed. The bill before us today, HR 3760, strikes at the heart of what is needed to ensure that, as Chairman Haley Barbour said to us last December 12, "Campaign finance laws should result in campaigns and elections being more open, fair and more competitive."

What direction should the reform take? Clearly, the most important goal in writing laws in the area of elections is to strengthen the democratic process, and to ensure that our republic thrives, and it does so best when voters choose their Representatives in elections that are free of corruption or the appearance of corruption, as the Supreme Court stated in its landmark *Buckley v. Valeo* ruling.

HR 3760 is based on four principles to achieve these goals: (1) Restoring local control of elections; (2) Strengthening the role of individuals; (3) Strengthening political parties; and, (4) Giving any citizen willing to put their name on the ballot the chance to compete on an equal basis against candidates who may have nearly inexhaustible resources.

At the core of this legislation is a rather simple proposal, but one which fundamentally alters the way in which candidates run their campaigns. We will ask that all candidates raise at least a majority of their funds from individuals residing in the district which the candidate seeks to represent. We reunite the voting precinct with the financial precinct, and restore to individual voters their rightful role as the key player influencing the election outcome.

While Political Action Committees (PACs) engage in Constitutionally protected speech, there is no constitutional guarantee that they should contribute more money than individuals. Therefore, in order to further strengthen the role of individuals our bill equalizes the level of giving between PACs and individuals. We also stop the practicing of "bundling" by PACs and their lobbyists, ending the ability of one person or group to deliver large amounts of funds to a candidate. We also eliminate partisan and Congressional Leadership PACs. We do all these to restore to individuals their role as the primary influence in determining election outcomes .

(more)

Current laws diminish the role of political parties. In effect parties now function like "super PACs," and as the Chairman of the Democratic National Committee, testified, "...it is no coincidence, that the shrinking role of the parties has been accompanied by the growing and now overwhelming alienation of the American people from, and cynicism about politics and politicians..." We want to restore parties to their historical role in elections, enhance their grassroots activities and their important and unique role in broadening and strengthening citizen involvement.

We believe our proposal meet the test of our four basic principles. We have suggested reforms that should reduce corruption or the appearance of corruption in our elections. We have avoided embracing the latest reform fads, we have avoided the easy but flawed answers. We have moved beyond the inadequate ideas of the past and, instead, we have adopted new ideas for more competitive elections where the citizen and not the special interest plays the deciding role. Our measure goes farther than any other bill considered by this or any Congress, in opening up opportunities for more competitive elections. This is what is at the heart of our electoral process -- fair and more competitive elections.

Mr. FAZIO. Thank you, Mr. Chairman. I appreciate your reference to the degree of staff work that has gone into this. As you say, it is a lot easier to theorize about change than to actually try to effect it. Virtually everyone now agrees that our system of financing Federal elections is in need of change. The cost of election campaigns has become enormously expensive over the last two decades, and in more recent years, we have witnessed a new phenomena where massive amounts of unregulated money has been introduced into the process as well, all of which has reduced the ability of everyday Americans to participate in the process, and I believe led to an unhealthy pursuit of more and more money from more and more sources.

Perhaps the greatest cost to our modern elections ritual is the manner in which it has contributed to the pervasive cynicism about our process, from the election campaigns to the very legitimacy of government itself. Unless it goes unnoticed, this is an issue Democrats have pursued for years here in the House. But as The Washington Post recently summarized in an extensive graphic, a very discouraging one I might add, each legislative effort to enact campaign finance reform has ultimately been rebuffed in one fashion or another.

I note, for example, in 1988 it was a bill filibustered to death. In 1992, President Bush vetoed reform legislation. Our most recent bill in 1994 was again killed after passage in the House and the Senate as a conference report. Again, it was filibustered.

Which brings us to the present. Given the late date on which we deliberate during the legislative calendar, as well as what has taken place already in the Senate, I think it is fair to say there seems little reason for optimism that this effort will result in consensus-based agreement on legislation actually becoming law any time in the near future.

Still, hope springs eternal, and in any event I think we should not underestimate the value of again grappling with this issue and exploring the differences which divide us. So perhaps in the future we can come back and build on perhaps some emerging understanding and maybe ultimately some consensus.

Indeed, I anticipate the discussion will highlight profound differences in how best to reform our campaign finance system. Despite the view expressed by Speaker Gingrich that our system is in need of more money, most Americans rightfully believe that there is already too much money in politics today. They believe we go too far.

Unfortunately, I fear the Majority's bill will not control the amount of money in today's election but will have the exact opposite effect; namely, it seems designed to produce massive infusions of new money into the process. While many of us agree that the role of the political parties need strengthening, we have to be careful that we don't go too far, create a new mechanism to funnel ever increasing chunks of money from operators. I caution this is the likely effect of today's legislation favored by the Majority.

The Democratic approach to campaign finance reform differs from the Republican position. Basically, we both believe the system will not be reformed until the role and influence of money will be reduced. After much analysis we have come to believe this can be

best accomplished by capping spending, limiting the contributions of big givers and special interests, reducing the cost of TV and mail, and eliminating the current soft money system, as well as instituting some other needed reforms.

So today we will offer a substitute bill which we believe will achieve these goals and bring some sanity back to our election system. It is a bill that draws upon the efforts of previous Congresses and Sam Gejdenson, prime among those who authored legislation in the past, and represents a comprehensive effort to reform our laws.

We also will offer amendments to address rationally the growing concern over the tremendous increase of unregulated, non-Federal money in the political arena. This is an issue that cries out for attention in a nonpartisan manner. I am hopeful that ultimately we can reach agreement on it.

We don't pretend we can create a perfect system, but as columnist E.J. Dionne recently wrote: "The point of campaign finance reform is more modest; to place reasonable limits on money's influence on politics, to give candidates, especially those challenging incumbents, a chance to make their case, and to give citizens assurances that their government is more or less on the level. Those goals should not be abandoned, just because reaching them isn't easy," he said.

Well, we have learned that achieving these goals is, indeed, far from easy. But they do remain worthy of pursuit.

With that, Mr. Chairman, we look forward to engaging with the Majority in a debate over ideas and concepts and perhaps even ultimately from this process some good will spring.

The CHAIRMAN. Without objection, Members' written statements may be made a part of the record.

[The statements of Mr. Fazio and Mr. Roberts follow:]

STATEMENT OF VIC FAZIO

RANKING MEMBER
COMMITTEE ON HOUSE OVERSIGHT
July 10, 1996

Thank you, Mr. Chairman.

Virtually everyone now agrees that our system of financing federal elections is in need of change. The cost of election campaigns has become enormously expensive over the last two decades-- and in more recent years we've witnessed a new phenomenon where massive amounts of unregulated money has been introduced into the process. All of which has reduced the ability of everyday Americans to participate in the process and led to the unhealthy pursuit of more and more money from more and more sources. Perhaps the greatest cost of our modern election ritual, however, is the manner in which it has contributed to the pervasive cynicism about our process-- from the election campaigns to the very legitimacy of governing itself.

Lest it go unnoticed, this is an issue the Democrats have pursued for years here in the House. But, as The Washington Post recently summarized in a discouraging graphic, each legislative effort to enact campaign finance reform has ultimately been rebuffed in one fashion or another. I note, for example, that in 1988 a bill was filibustered to death, in 1992 President Bush vetoed reform legislation, and our most recent bill in 1994 was again killed after passage in the House.

Which brings us to the present. And, given the late date on the legislative calendar-- as well what has taken place in the Senate-- there seems little reason for optimism that this effort will result in a consensus-based bill actually becoming law anytime soon. Still, hope springs eternal. And, in any event, we should not underestimate the value of again grappling with this issue and exploring the differences which divide us.

Indeed, I anticipate that the discussion will highlight profound differences in how best to reform our campaign finance system. Despite the view expressed by Speaker Gingrich that our system is in need of more money, most Americans rightfully believe that there is already too much money in politics today. Unfortunately, I fear that the majority's bill will not control the amount of money in today's elections-- but will have the exact opposite effect: namely, it seems designed to produce massive infusions of new money into the process.

And while many of us agree that the role of the political parties needs strengthening, we should be careful that we don't go too far, that we don't create a new mechanism to funnel ever larger chunks of money from wealthy donors operating out of a centralized system. Again, however, I caution that this is the likely effect of today's legislation favored by the majority.

The Democratic approach to campaign finance reform differs from the Republican position. Put most basically, we believe that the system will not be reformed until the role and influence of money is reduced. After much analysis, we've come to believe that this can best be accomplished by capping spending, limiting the contributions of big givers and special interests, reducing the costs of TV and mail, eliminating the current "soft money" system, as well as instituting other needed reforms.

Today we will offer a substitute bill which, we believe, will achieve these goals and bring some sanity back to our election system. It's a bill that draws upon the efforts of previous Congresses and represents a comprehensive effort to reform our laws.

We will also offer amendments to address rationally the growing concern over the tremendous increase of unregulated, non-federal money in the political arena. This is an issue that cries out for attention in a non-partisan manner.

We don't pretend we can create a perfect system. But, as columnist E.J. Dionne recently wrote, "the point of campaign finance reform is more modest: to place reasonable limits on money's influence on politics, to give candidates-- especially those challenging incumbents-- a chance to make their case, and to give citizens assurances that their government is more or

less on the level. Those goals should not be abandoned just because reaching them isn't easy."

Well, we've learned that achieving these goals is, indeed, far from easy, but they remain worthy of pursuit.

- end -

CONGRESSMAN PAT ROBERTS
HOUSE OVERSIGHT COMMITTEE
CAMPAIGN FINANCE REFORM ACT OF 1996
JULY 10, 1996

Mr. Chairman, thank you for holding this important hearing on campaign finance reform legislation today. I have long supported campaign finance reform efforts in Congress and have repeatedly introduced legislation to make candidates more accountable, increase the influence of individual voters, equalize spending so that Main Street is on an equal playing field with Wall Street, strengthen political parties, and make information regarding the contributions to candidates and election spending more available to voters. I am pleased that the Speaker has elevated this issue to priority status and that this committee has worked so diligently in order to bring campaign finance reform to the forefront of this Congress. I commend you for these efforts.

However, while I support the Campaign Finance Reform Act of 1996 that is before this committee today, I have serious concerns regarding certain provisions included in the bill and urge my colleagues to carefully monitor the impact of these reforms on future political campaigns.

One of my most serious concerns regards a provision that has been drafted with every good intention--to increase the influence of individuals in political campaigns. This legislation seeks to achieve this goal by imposing a requirement that at least fifty percent of all campaign funds be raised from within the congressional district. While I have always supported grassroots efforts at the state level and continue to believe that Members of Congress should be fully accountable to the people they represent, I am concerned that this requirement represents an overzealous attempt to ensure local control and may violate basic Constitutional rights to free speech. In addition, the Constitution does not even require districts, leaving open the possibility that a state could choose to elect all of its representatives under an "at large" system. This requirement is also seriously biased toward more urban and heavily populated districts and will restrict the rights of individuals who live in rural or sparsely populated areas. Finally, this requirement will be an accounting nightmare for campaign treasurers around the country. This is especially true in states where urban areas cross state lines.

I have had the privilege to represent the Big First District in Kansas since 1981. This district is home to 644,000 voters, many of whom are engaged in the agricultural industry. In addition, a large number of these farmers and ranchers have established landlord/tenant relationships in order to maintain a financially viable farming operation. Therefore, I have the privilege to represent both the landlord and the tenant as a Member of Congress, no matter where these folks officially reside. Each vote I cast will impact both the landlord and the tenant, even if the landlord lives across the congressional district line in Topeka, Kansas and the tenant resides on the farm in western Kansas. These new requirements could potentially restrict the voice of the voter in the neighboring district, even though I clearly represent his or her interests and could preclude my acceptance of a contribution out of fear of a possible violation. Candidates will almost certainly have to maintain a large "buffer zone" to protect themselves from hefty fines.

This change could have a devastating impact on the free speech rights of voters in similar circumstances across the country.

In addition, this requirement favors candidates who campaign in urban and heavily populated areas. Small states like Kansas will almost certainly be forced to comply with lower spending limits as a result of the majority-in-district requirements. These spending limits will be in effect even though media and related campaign costs will be virtually identical across state lines. In states where rural areas rely on urban media, sometimes from out-of-state sources, candidates will be further limited in their ability to buy media time. In addition, the Supreme Court has repeatedly struck down spending limits on political campaigns and this provision too, could be ripe for challenge.

Finally, this bill has the potential to become an accounting nightmare for campaign treasurers. Each candidate will most likely have to maintain a large "buffer zone" to ensure flexibility and to account for contributions that may have been erroneously recorded. At a time when our society is more mobile than ever before, campaign treasurers will also have the responsibility to verify the residence of each and every contributor. This will get even more confusing in states with large numbers of congressional districts. In some cases, even zip codes are split across congressional districts, making verification even more difficult.

Mr. Chairman, I remain hopeful that as we take this great leap forward and reform long overdue campaign finance laws, we will continue to listen to the needs of all voters. In our attempts to make political campaigns more reflective of the will of the people, I urge the committee to carefully consider the unintended effects of this legislation, the Constitutional challenges, and the potential impact on the rights of local voters. I look forward to working with you and this committee to ensure that changes are fair and equitable to voters nationwide.

The CHAIRMAN. Without objection, the Chair would like to proceed by laying H.R. 3760 before the Committee for purposes of explanation by the staff and questions, if there are any, by Members, and then once that process has concluded, we can move to amendments.

The Chair would prefer to have the bill open and amendable at any point rather than reading by title. Any objection?

[The information follows:]

I

104TH CONGRESS
2D SESSION

H. R. 3760

To amend the Federal Election Campaign Act of 1971 to reform the financing of Federal election campaigns, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 9, 1996

Mr. THOMAS (for himself, Mr. GINGRICH, Mr. ARMEY, Mr. DELAY, Mr. BOEHNER, Mr. PAXON, Mr. HOEKSTRA, Mr. WAMP, and Mr. EHLERS) introduced the following bill; which was referred to the Committee on House Oversight

---

A BILL

To amend the Federal Election Campaign Act of 1971 to reform the financing of Federal election campaigns, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Campaign Finance Reform Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.

TITLE I—RESTORING CONTROL OF ELECTIONS TO INDIVIDUALS

Sec. 101. Requiring majority of House of Representatives candidate funds to come from individuals residing in district.
Sec. 102. Reduction in allowable contribution amounts for political action committees in Federal elections to level allowed for individuals.
Sec. 103. Modification of limitations on contributions when candidates spend or contribute large amounts of personal funds.
Sec. 104. Indexing limits on contributions.
Sec. 105. Prohibition of leadership committees.
Sec. 106. Prohibiting bundling of contributions to candidates by political action committees and lobbyists.
Sec. 107. Definition of independent expenditures.
Sec. 108. Requirements for use of payroll deductions for contributions.

TITLE II—STRENGTHENING POLITICAL PARTIES

Sec. 201. Modification of contribution limits and requirements for political parties.
Sec. 202. Allowing political parties to offset funds carried over from previous elections.
Sec. 203. Prohibiting use of non-Federal funds in Federal elections.
Sec. 204. Permitting parties to have unlimited communication with members.
Sec. 205. Promoting State and local party volunteer and grassroots activity.

TITLE III—DISCLOSURE AND ENFORCEMENT

Sec. 301. Timely reporting and increased disclosure.
Sec. 302. Streamlining procedures and rules of Federal Election Commission.

TITLE IV—GENERAL PROVISIONS

Sec. 401. Effective date.
Sec. 402. Severability.
Sec. 403. Expedited court review.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Our republican form of government is strengthened when voters choose their representatives in elections that are free of corruption or the appearance of corruption.

(2) Corruption or the appearance of corruption in elections may evidence itself in many ways:

(A) Voters who democratically elect representatives must believe they are fairly rep-

resented by those they elect. The current election laws have led many to believe that the interests of those who actually vote for their representatives are less important than those who cannot vote, but who can influence an election by their contributions to the candidates.

(B) Failure to disclose, or timely disclose, those who contribute and how much they contribute unnecessarily withholds information voters need to cast ballots with complete confidence, thereby increasing the belief of, or the appearance of, corruption.

(C) The diminishing role of political parties, despite parties' long-standing role in advancing broad national agendas, in assisting the election of party candidates, and in organizing members, has relatively enhanced groups that pursue narrower interests. This relative shift of influence has been interpreted by some as corrupting the election process.

(D) Complicated and obsolete election laws and rules discourage citizens from becoming candidates, allow for coerced involuntary payments for political purposes, fail to keep contribution amounts current with inflation, and

fail to provide reasonable compensating contribution limits for candidates who run against candidates who wish to exercise their constitutional right of spending their own resources. The current state of laws and rules is such that if they do not corrupt, at the very least they unduly hinder fair, honest, and competitive elections.

TITLE I—RESTORING CONTROL OF ELECTIONS TO INDIVIDUALS

SEC. 101. REQUIRING MAJORITY OF HOUSE OF REPRESENTATIVES CANDIDATE FUNDS TO COME FROM INDIVIDUALS RESIDING IN DISTRICT.

(a) IN GENERAL.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end the following new subsection:

"(i)(1) A candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress may not accept contributions with respect to an election cycle from persons other than local individual residents totaling in excess of the total of contributions accepted from local individual residents (as determined on the basis of the most recent information included in reports pursuant to section 304(d).

"(2) In determining the amount of contributions accepted by a candidate for purposes of this subsection, contributions of the candidate's personal funds shall be subject to the following rules:

"(A) To the extent that the amount of the contribution does not exceed the limitation on contributions made by an individual under subsection (a)(1)(A), such contribution shall be treated as any other contribution.

"(B) The portion (if any) of the contribution which exceeds the limitation on contributions which may be made by an individual under subsection (a)(1)(A) shall be allocated in accordance with paragraph (8).

"(3) In determining the amount of contributions accepted by a candidate for purposes of this subsection, contributions from a political party or a political party committee shall be allocated in accordance with paragraph (8).

"(4) In determining the amount of contributions accepted by a candidate for purposes of this subsection, any funds remaining in the candidate's campaign account after the filing of the post-general election report under section 304(a)(2)(A)(ii) for the most recent general election shall be allocated in accordance with paragraph (8).

"(5) In determining the amount of contributions accepted by a candidate for purposes of this subsection, any contributions accepted pursuant to subsection (j) which are from persons other than local individual residents shall be allocated in accordance with paragraph (8).

"(6)(A) Any candidate who accepts contributions that exceed the limitation under this subsection, as determined on the basis of information included in reports pursuant to section 304(d), shall pay to the Commission at the time of the filing of the report which contains the information, for deposit in the Treasury, an amount equal to 3 times the amount of the excess contributions (or, in the case of a candidate described in subparagraph (C), an amount equal to 5 times the amount of the excess contributions plus a civil penalty in an amount determined by the Commission).

"(B) Any amounts paid by a candidate under this paragraph shall be paid from contributions subject to the limitations and prohibitions of this title, including the limitation under this subsection.

"(C) A candidate described in this subparagraph is a candidate who accepts contributions that exceed the limitation under this subsection as of the last day of the period ending on the 20th day before an election or any pe-

riod ending after such 20th day and before or on the 20th day after such election.

"(7) As used in this subsection, the term 'local individual resident' means an individual who resides in the congressional district involved.

"(8) For purposes of this subsection, any amounts allocated in accordance with this paragraph shall be allocated as follows:

"(A) 50 percent of such amounts shall be deemed to be contributions from local individual residents.

"(B) 50 percent of such amounts shall be deemed to be contributions from persons other than local individual residents.".

(b) REPORTING REQUIREMENTS.—Section 304 of such Act (2 U.S.C. 434) is amended by adding at the end the following new subsection:

"(d) Each principal campaign committee of a candidate for the House of Representatives shall include the following information in reports filed under subsection (a)(2) and subsection (a)(6)(A):

"(1) With respect to each report filed under such subsection—

"(A) the total contributions received by the committee with respect to the election cycle in-

volved from local individual residents (as defined in section 315(i)(7)), as of the last day of the period covered by the report;

"(B) the total contributions received by the committee with respect to the election cycle involved which are not from local individual residents, as of the last day of the period covered by the report; and

"(C) a certification as to whether the contributions reported comply with the limitation under section 315(i), as of the last day of the period covered by the report.

"(2) In the case of the first report filed under such subsection which covers the period which begins 19 days before an election and ends 20 days after the election—

"(A) the total contributions received by the committee with respect to the election cycle involved from local individual residents (as defined in section 315(i)(7)), as of the last day of such period;

"(B) the total contributions received by the committee with respect to the election cycle involved which are not from local individual residents, as of the last day of such period; and

"(C) a certification as to whether the contributions reported comply with the limitation under section 315(i), as of the last day of such period.".

SEC. 102. REDUCTION IN ALLOWABLE CONTRIBUTION AMOUNTS FOR POLITICAL ACTION COMMITTEES IN FEDERAL ELECTIONS TO LEVEL ALLOWED FOR INDIVIDUALS.

(a) IN GENERAL.—Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting after "Federal office" the following: "or to any other political committee other than a political party committee in any calendar year",

(B) in subparagraph (A), by adding "or" at the end,

(C) in subparagraph (B), by striking "political committees established and maintained by a national political party" and inserting "political party committees",

(D) in subparagraph (B), by striking "; or" and inserting a period, and

(E) by striking subparagraph (C); and

(2) by amending paragraph (2) to read as follows:

"(2) No political party committee may make contributions—

"(A) to any candidate or the candidate's authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $5,000; or

"(B) to any other political committee other than a political party committee in any calendar year which, in the aggregate, exceed $5,000.".

(b) POLITICAL PARTY COMMITTEE DEFINED.—The second sentence of section 315(a)(4) of such Act (2 U.S.C. 441a(a)(4)) is amended to read as follows: "For purposes of this section, the term 'political party committee' means a political committee which is a national, State, district, or local political party committee (including any subordinate committee thereof).".

(c) CONFORMING AMENDMENTS.—Section 311(a)(6) of such Act (2 U.S.C. 438(a)(6)) is amended—

(1) in subparagraph (B), by striking "multicandidate committees" the first place it appears and inserting "political committees which are not authorized committees of candidates or political party committees";

(2) in subparagraph (B), by striking "multicandidate committees" the second place it appears and inserting "such committees"; and

(3) in subparagraph (C), by striking "multicandidate committees" and inserting "committees described in subparagraph (B)".

SEC. 103. MODIFICATION OF LIMITATIONS ON CONTRIBUTIONS WHEN CANDIDATES SPEND OR CONTRIBUTE LARGE AMOUNTS OF PERSONAL FUNDS.

(a) IN GENERAL.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by section 101(a), is further amended by adding at the end the following new subsection:

"(j)(1) Notwithstanding subsection (a), if in a general election a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate's authorized campaign committee) in an amount in excess of the amount of the limitation established under subsection (a)(1)(A) and less than or equal to $150,000 (as reported under section 304(a)(2)(A)), a political party committee may make contributions to an opponent of the House candidate without regard to any limitation otherwise applicable to such contributions under subsection (a), except that the opponent may not accept

aggregate contributions under this paragraph in an amount greater than the greatest amount of personal funds expended (including contributions to the candidate's authorized campaign committee) by any House candidate (other than such opponent) with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).

"(2) If a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate's authorized campaign committee) with respect to an election in an amount greater than $150,000 (as reported under section 304(a)(2)(A)), the following rules shall apply:

"(A) In the case of a general election, the limitations under subsections (a)(1) and (a)(2) (insofar as such limitations apply to political party committees and to individuals) shall not apply to contributions to the candidate or to any opponent of the candidate, except that neither the candidate or any opponent may accept aggregate contributions under this subparagraph and paragraph (1) in an amount greater than the greatest amount of personal funds (including contributions to the candidate's authorized campaign committee) expended by any House candidate with respect to the election (as reported

in a notification submitted under section 304(a)(6)(B)).

"(B) In the case of an election other than a general election, the limitations under subsection (a)(1) (insofar as such limitations apply to individuals) shall not apply to contributions to the candidate or to any opponent of the candidate, except that neither the candidate or any opponent may accept aggregate contributions under this subparagraph in an amount greater than the greatest amount of personal funds (including contributions to the candidate's authorized campaign committee) expended by any House candidate with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).

"(3) In this subsection, the term 'House candidate' means a candidate in an election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress.".

(b) NOTIFICATION OF EXPENDITURES OF PERSONAL FUNDS.—Section 304(a)(6) of such Act (2 U.S.C. 434(a)(6)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) by inserting after subparagraph (A) the following new subparagraph:

"(B)(i) The principal campaign committee of a House candidate (as defined in section 315(j)(3)) shall submit the following notifications relating to expenditures of personal funds by such candidate (including contributions by the candidate to such committee):

"(I) A notification of the first such expenditure (or contribution) by which the aggregate amount of personal funds expended (or contributed) with respect to an election exceeds the amount of the limitation established under section 315(a)(1)(A) for elections in the year involved.

"(II) A notification of each such expenditure (or contribution) which, taken together with all such expenditures (and contributions) in any amount not included in the most recent report under this subparagraph, totals $5,000 or more.

"(III) A notification of the first such expenditure (or contribution) by which the aggregate amount of personal funds expended with respect to the election exceeds the level applicable under section 315(j)(2) for elections in the year involved.

"(ii) Each of the notifications submitted under clause (i)—

"(I) shall be submitted not later than 24 hours after the expenditure or contribution which is the subject of the notification is made;

"(II) shall include the name of the candidate, the office sought by the candidate, and the date of the expenditure or contribution and amount of the expenditure or contribution involved; and

"(III) shall include the total amount of all such expenditures and contributions made with respect to the same election as of the date of expenditure or contribution which is the subject of the notification.".

SEC. 104. INDEXING LIMITS ON CONTRIBUTIONS.

(a) IN GENERAL.—Section 315(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(c)) is amended by adding at the end the following new paragraph:

"(3)(A) The amount of each limitation established under subsection (a) shall be adjusted as follows:

"(i) For calendar year 1997, each such amount shall be equal to the amount described in such subsection, increased (in a compounded manner) by the percentage increase in the price index (as defined in subsection (c)(2)) for each year after 1976 and before 1998.

"(ii) For calendar year 1999 and each second subsequent year, each such amount shall be equal to the amount for the second previous year (as adjusted under this subparagraph), increased (in a compounded manner) by the percentage increase in the price index for the previous year and the second previous year.

"(B) In the case of any amount adjusted under this subparagraph which is not a multiple of $500, the amount shall be rounded to the nearest lowest multiple of $500.".

(b) APPLICATION OF INDEXING TO SUPPORT OF CANDIDATE'S COMMITTEES.—Section 302(e)(3)(B) of such Act (2 U.S.C. 432(e)(3)(B)) is amended by adding at the end the following new sentence: "The amount described in the previous sentence shall be adjusted (for years beginning with 1997) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).".

(c) APPLICATION OF INDEXING TO PROVISIONS RELATING TO PERSONAL FUNDS.—

(1) IN GENERAL.—Section 315(j) of such Act (2 U.S.C. 441a(j)), as added by section 103(a), is amended—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following new paragraph:

"(3) Each of the amounts provided under paragraph (1) or (2) shall be adjusted for each biennial period beginning after the 1998 general election in the same manner as the amounts of limitations on contributions established under subsection (a) are adjusted under subsection (c)(3).".

(2) CONFORMING AMENDMENT.—Section 304(a)(6)(B)(i) of such Act (2 U.S.C. 434(a)(6)(B)(i)), as redesignated and amended by section 103(b), is amended by striking "section 315(j)(3)" and inserting "section 315(j)(4)".

SEC. 105. PROHIBITION OF LEADERSHIP COMMITTEES.

(a) LEADERSHIP COMMITTEE PROHIBITION.—Section 302 of the Federal Election Campaign Act of 1971 (2 U.S.C. 432) is amended by adding at the end the following new subsection:

"(j) A candidate for Federal office or an individual holding Federal office may not establish, maintain, finance, or control a political committee, other than a principal campaign committee of the candidate or the individual.".

(b) CONFORMING AMENDMENT RELATING TO JOINT FUNDRAISING.—Section 302(e)(3)(A) of such Act (2

U.S.C. 432(e)(3)) is amended by striking "except that—" and all that follows and inserting the following: "except that the candidate for the office of President nominated by a political party may designate the national committee of such political party as a principal campaign committee, but only if that national committee maintains separate books of account with respect to its function as a principal campaign committee.".

(c) EFFECTIVE DATE; TRANSITION RULE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to elections occurring in years beginning with 1997.

(2) TRANSITION RULE.—

(A) IN GENERAL.—Notwithstanding section 302(j) of the Federal Election Campaign Act of 1971 (as added by subsection (a)), if a political committee established, maintained, financed, or controlled by a candidate for Federal office or an individual holding Federal office (other than a principal campaign committee of the candidate or individual) with respect to an election occurring during 1996 has funds remaining unexpended after the 1996 general election, the committee may make contributions

or expenditures of such funds with respect to elections occurring during 1997 or 1998.

(B) DISBANDING COMMITTEES; TREATMENT OF REMAINING FUNDS.—Any political committee described in subparagraph (A) shall be disbanded after filing any post-election reports required under section 304 of the Federal Election Campaign Act of 1971 with respect to the 1998 general election. Any funds of such a committee which remain unexpended after the 1998 general election and before the date on which the committee disbands shall be returned to contributors or available for any lawful purpose other than use by the candidate or individual involved with respect to an election for Federal office.

SEC. 106. PROHIBITING BUNDLING OF CONTRIBUTIONS TO CANDIDATES BY POLITICAL ACTION COMMITTEES AND LOBBYISTS.

Section 316 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b) is amended by adding at the end the following new subsection:

"(e)(1) No political action committee or person required to register under the Lobbying Disclosure Act of 1995 (2 U.S.C. 1601 et seq.) may act as an intermediary

or conduit with respect to a contribution to a candidate for Federal office.

"(2) In this subsection, the term 'political action committee' means any political committee which is not—

"(A) the principal campaign committee of a candidate; or

"(B) a political party committee.".

SEC. 107. DEFINITION OF INDEPENDENT EXPENDITURES.

Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraph (17) and inserting the following:

"(17)(A) The term 'independent expenditure' means an expenditure by a person for a communication expressly advocating the election or defeat of a clearly identified candidate which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate.

"(B) For purposes of this paragraph—

"(i) 'expressly advocating the election or defeat' means the use in the communication of explicit words such as 'vote for', 'reelect', 'support', 'cast your ballot for', 'vote against', 'defeat', or 'reject', accompanied by a reference in the communication to one or more clearly identified candidates, or words

such as 'vote' for or against a position on an issue, accompanied by a listing in the communication of one or more clearly identified candidates described as for or against a position on that issue;

"(ii) 'which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate' refers to the expenditure in question for the communication made by the person; and

"(iii) the term 'agent' means any person who has actual oral or written authority, either express or implied, to make or authorize the making of expenditures on behalf of a candidate.

"(C) An expenditure by a person for a communication which does not contain explicit words expressly advocating the election or defeat of a clearly identified candidate shall not be considered an independent expenditure.".

SEC. 108. REQUIREMENTS FOR USE OF PAYROLL DEDUCTIONS FOR CONTRIBUTIONS.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 301 et seq.) is amended by adding at the end the following new section:

"USE OF PAYROLL DEDUCTIONS FOR CONTRIBUTIONS

"SEC. 323. (a) REQUIREMENTS FOR AUTHORIZATION OF DEDUCTION.—

"(1) IN GENERAL.—No amounts withheld from an individual's wages or salary during a year may be used for any contribution under this title unless there is in effect an authorization in writing by the individual permitting the withholding of such amounts for the contribution.

"(2) PERIOD OF AUTHORIZATION.—An authorization described in this subsection may be in effect with respect to an individual for such period as the individual may specify (subject to cancellation under paragraph (3)), except that the period may not be longer than 12 months.

"(3) RIGHT OF CANCELLATION.—An individual with an authorization in effect under this subsection may cancel or revise the authorization at any time.

"(b) INFORMATION PROVIDED BY WITHHOLDING ENTITY.—

"(1) IN GENERAL.—Each entity withholding wages or salary from an individual with an authorization in effect under subsection (a) shall provide the individual with a statement that the individual may at any time cancel or revise the authorization in accordance with subsection (a)(3).

"(2) TIMING OF NOTICE.—The entity shall provide the information described in paragraph (1) to

an individual at the beginning of each calendar year occurring during the period in which the individual's authorization is in effect.".

TITLE II—STRENGTHENING POLITICAL PARTIES

SEC. 201. MODIFICATION OF CONTRIBUTION LIMITS AND REQUIREMENTS FOR POLITICAL PARTIES.

(a) TREATMENT OF PARTY CONTRIBUTIONS UNDER AGGREGATE INDIVIDUAL CAP.—Section 315(a)(3) of the Federal Election Campaign Act (2 U.S.C. 441a(a)(3)) is amended by adding at the end the following new sentence: "For purposes of this paragraph, in determining the amount of contributions made by an individual there shall be excluded any contributions made by the individual to a political party or a political party committee.".

(b) LIMITATION AMOUNT FOR CONTRIBUTIONS TO STATE POLITICAL PARTIES.—Section 315(a)(1)(B) of such Act (2 U.S.C. 441a(a)(1)(B)) is amended by inserting after "national" the following: "or State".

SEC. 202. ALLOWING POLITICAL PARTIES TO OFFSET FUNDS CARRIED OVER FROM PREVIOUS ELECTIONS.

Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by sections 101 and

103(a), is further amended by adding at the end the following new subsection:

"(k)(1) Subject to paragraph (2), if, in a general election for Federal office, a candidate who is the incumbent uses campaign funds carried forward from an earlier election cycle, any political party committee may make contributions to the nominee of that political party to match the funds so carried forward by such incumbent. For purposes of this paragraph, funds shall be considered to have been carried forward if the funds represent cash on hand as reported in the applicable post-general election report filed under section 304(a) for the general election involved, plus any amount expended on or before the filing of the report for a later election, less legitimate outstanding debts relating to the previous election up to the amount reported.

"(2) The political party contributions under paragraph (1) may be made without regard to any limitation amount otherwise applicable to such contributions made under subsections (a) or (i), but a candidate may not accept contributions under this subsection in excess of the total of funds carried forward by the incumbent candidate.".

SEC. 203. PROHIBITING USE OF NON-FEDERAL FUNDS IN FEDERAL ELECTIONS.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended by section 108, is further amended by adding at the end the following new section:

"RESTRICTIONS ON USE OF NON-FEDERAL FUNDS

"SEC. 324. (a) PROHIBITING USE OF FUNDS IN FEDERAL ELECTIONS.—No funds may be expended by a political party committee for the purpose of influencing an election for Federal office unless the funds are subject to the limitations and prohibitions of this Act, except as may be provided in this section.

"(b) RESTRICTIONS ON USE OF FUNDS FOR MIXED ACTIVITIES.—

"(1) PROHIBITING USE BY NATIONAL PARTY COMMITTEES.—A national committee of a political party (including any subordinate committee thereof) may not use any funds which are not subject to the limitations and prohibitions of this Act for any mixed activity.

"(2) MIXED ACTIVITY DEFINED.—In this subsection, the term 'mixed activity' means any activity which is both for the purpose of influencing an election for Federal office and for any purpose unrelated to influencing an election for Federal office, includ-

ing voter registration, absentee ballot programs, and get-out-the-vote programs, but does not include the payment of any administrative or overhead costs, including salaries (other than payments made to individuals for get-out-the-vote activities conducted on the day of an election), rent, fundraising, or communications to members of a political party.

"(c) RESTRICTIONS ON USE OF FUNDS FOR MIXED CANDIDATE-SPECIFIC ACTIVITIES.—

"(1) REQUIRING ALLOCATION AMONG CANDIDATES.—A political party committee may use funds which are not subject to the limitations and prohibitions of this Act for mixed candidate-specific activities if the funds are allocated among the candidates involved on the basis of the time and space allocated to the candidates.

"(2) MIXED CANDIDATE-SPECIFIC ACTIVITY DEFINED.—In this subsection, the term 'mixed candidate-specific activity' means any activity which is both for the purpose of promoting a specific candidate or candidates in an election for Federal office and for the purpose of promoting a specific candidate or candidates in any other election.".

SEC. 204. PERMITTING PARTIES TO HAVE UNLIMITED COMMUNICATION WITH MEMBERS.

(a) IN GENERAL.—Section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended by adding at the end the following new paragraph:

"(4)(A) For purposes of applying the limitations established under paragraphs (2) and (3), in determining the amount of expenditures made by a national committee of a political party or a State committee of a political party (including any subordinate committee of a State committee), there shall be excluded any amounts expended by the committee for communications to the extent the communications are made to members of the party.

"(B) For purposes of subparagraph (A), an individual shall be considered to be a 'member' of a political party if any of the following apply:

"(i) The individual is registered to vote as a member of the party.

"(ii) There is a public record that the individual voted in the primary of the party during the most recent primary election.

"(iii) The individual has made a contribution to the party and the contribution has been reported to the Commission (in accordance with this Act) or to a State reporting agency.

"(iv) The individual has indicated in writing that the individual is a member of the party.".

(b) FUNDS AVAILABLE FOR PARTY COMMUNICATIONS.—Section 324 of such Act, as added by section 203, is amended by adding at the end the following new subsection:

"(d) FUNDS FOR PARTY COMMUNICATIONS WITH MEMBERS.—Subsection (a) shall not apply with respect to funds expended by a political party for communications to the extent the communications are made to members of the party (as determined in accordance with section 315(d)(4)), except that any communications which are both for the purpose of expressly advocating the election or defeat of a specific candidate for election to Federal office and for any other purpose shall be subject to allocation in the same manner as funds expended for mixed candidate-specific activities under subsection (c).".

SEC. 205. PROMOTING STATE AND LOCAL PARTY VOLUNTEER AND GRASSROOTS ACTIVITY.

(a) ENCOURAGING STATE AND LOCAL PARTY ACTIVITIES.—

(1) CONTRIBUTIONS.—Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)), as amended by section 110(a), is amended—

(A) by striking "and" at the end of clause (xiv);

(B) by striking the period at the end of clause (xv) and inserting "; and"; and

(C) by adding at the end the following new clause:

"(xvi) the payment by a State or local committee of a political party for any of the following activities:

"(I) The listing of the slate of the party's candidates, including the communication of the slate to the public.

"(II) The mailing of materials for or on behalf of specific candidates by volunteers (including labeling envelopes or affixing postage or other indicia to particular pieces of mail), other than the mailing of materials to a commercial list.

"(III) Conducting a telephone bank for or on behalf of specific candidates staffed by volunteers.

"(IV) The distribution of collateral materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard

signs) for or on behalf of specific candidates (whether by volunteers or otherwise).".

(2) EXPENDITURES.—Section 301(9)(B) of such Act (2 U.S.C. 431(9)(B)), as amended by section 110(b), is amended—

(A) by striking "and" at the end of clause (xi);

(B) by striking the period at the end of clause (xii) and inserting "; and"; and

(C) by adding at the end the following new clause:

"(xiii) the payment by a State or local committee of a political party for any of the following activities:

"(I) The listing of the slate of the party's candidates, including the communication of the slate to the public.

"(II) The mailing of materials for or on behalf of specific candidates by volunteers (including labeling envelopes or affixing postage or other indicia to particular pieces of mail), other than the mailing of materials to a commercial list.

"(III) Conducting a telephone bank for or on behalf of specific candidates staffed by volunteers.

"(IV) The distribution of collateral materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) for or on behalf of specific candidates (whether by volunteers or otherwise).".

(3) CONFORMING AMENDMENTS.—(A) Section 301(8)(B)(x) of such Act (2 U.S.C. 431(8)(B)(x)) is amended by striking "in connection with volunteer activities on behalf of nominees of such party" and inserting "in connection with State or local activities, other than any payment described in clause (xvi)".

(B) Section 301(9)(B)(viii) of such Act (2 U.S.C. 431(9)(B)(viii)) is amended by striking "in connection with volunteer activities on behalf of nominees of such party" and inserting "in connection with State or local activities, other than any payment described in clause (xii)".

(b) FUNDS AVAILABLE FOR ACTIVITIES.—

(1) PERMITTING USE OF NON-FEDERAL FUNDS FOR MIXED ACTIVITIES.—Section 324(b) of such Act, as added by section 203, is amended—

(A) by redesignating paragraph (2) as paragraph (3); and

(B) by inserting after paragraph (1) the following new paragraph:

"(2) USE BY STATE OR LOCAL PARTY COMMITTEES.—A State, local, or district committee of a political party (including any subordinate committee thereof) may use funds which are not subject to the limitations and prohibitions of this Act for mixed activity if the funds are allocated in accordance with the process described in subsection (g).".

(2) FUNDS AVAILABLE FOR STATE AND LOCAL PARTIES.—Section 324 of such Act, as added by section 203 and as amended by section 204(b), is amended by adding at the end the following new subsection:

"(e) FUNDS AVAILABLE FOR STATE AND LOCAL PARTY VOLUNTEER AND GRASSROOTS ACTIVITIES.—Subsection (a) shall not apply with respect to payments described in section 301(8)(B)(xvi) or section 301(9)(B)(xiii), except that any payments which are both for the purpose of expressly advocating the election or defeat of a specific candidate for election to Federal office and for any other purpose shall be subject to allocation

in the same manner as funds expended for mixed candidate-specific activities under subsection (c).".

(3) TREATMENT OF INTRA-PARTY TRANSFERS.—Section 324 of such Act, as added by section 203 and as amended by section 204(b) and paragraph (2), is amended by adding at the end the following new subsection:

"(f) RULE OF CONSTRUCTION REGARDING INTRA-PARTY TRANSFERS.—Nothing in this section shall be construed to prohibit the transfer between and among national, State, or local party committees (including any subordinate committees thereof) of funds which are not subject to the limitations and prohibitions of this Act.".

(4) ALLOCATION PROCEDURES DESCRIBED.—Section 324 of such Act, as added by section 203 and as amended by section 204(b) and paragraphs (2) and (3), is amended by adding at the end the following new subsection:

"(g) STATE AND LOCAL PARTY COMMITTEES; METHOD FOR ALLOCATING EXPENDITURES FOR MIXED ACTIVITIES.—

"(1) GENERAL RULE.—All State and local party committees except those covered by paragraph (2) shall allocate their expenses for mixed activities,

as described in subsection (b)(2), according to the ballot composition method described as follows:

"(A) Under this method, expenses shall be allocated based on the ratio of Federal offices expected on the ballot to total Federal and non-Federal offices expected on the ballot in the next general election to be held in the committee's State or geographic area. This ratio shall be determined by the number of categories of Federal offices on the ballot and the number of categories of non-Federal offices on the ballot, as described in subparagraph (B).

"(B) In calculating a ballot composition ratio, a State or local party committee shall count the Federal offices of President, United States Senator, and United States Representative, if expected on the ballot in the next general election, as one Federal office each. The committee shall count the non-Federal offices of Governor, State Senator, and State Representative, if expected on the ballot in the next general election, as one non-Federal office each. The committee shall count the total of all other partisan statewide executive candidates, if expected on the ballot in the next general election,

as a maximum of two non-Federal offices. State party committees shall also include in the ratio one additional non-Federal office if any partisan local candidates are expected on the ballot in any regularly scheduled election during the 2 year congressional election cycle. Local party committees shall also include in the ratio a maximum of 2 additional non-Federal offices if any partisan local candidates are expected on the ballot in any regularly scheduled election during the 2 year congressional election cycle. State and local party committees shall also include in the ratio 1 additional non-Federal office.

"(2) EXCEPTION FOR STATES THAT DO NOT HOLD FEDERAL AND NON-FEDERAL ELECTIONS IN THE SAME YEAR.—State and local party committees in states that do not hold Federal and non-Federal elections in the same year shall allocate the costs of mixed activities according to the ballot composition method described in paragraph (1), based on a ratio calculated for that calendar year.".

TITLE III—DISCLOSURE AND ENFORCEMENT

SEC. 301. TIMELY REPORTING AND INCREASED DISCLOSURE.

(a) DEADLINE FOR FILING.—

(1) REQUIRING REPORTS FOR ALL CONTRIBUTIONS MADE WITHIN 20 DAYS OF ELECTION; REQUIRING REPORTS TO BE MADE WITHIN 24 HOURS.—Section 304(a)(6)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)(6)(A)) is amended—

(A) by striking "after the 20th day, but more than 48 hours before any election" and inserting "during the period which begins on the 20th day before an election and ends at the time the polls close for such election"; and

(B) by striking "48 hours" the second place it appears and inserting the following: "24 hours (or, if earlier, by midnight of the day on which the contribution is deposited)".

(2) REQUIRING ACTUAL DELIVERY BY DEADLINE.—

(A) IN GENERAL.—Section 304(a)(6) of such Act (2 U.S.C. 434(a)(6)), as amended by

section 103(b), is further amended by adding at the end the following new subparagraph:

"(D) Notwithstanding paragraph (5), the time at which a notification or report under this paragraph is received by the Secretary, the Commission, or any other recipient to whom the notification is required to be sent shall be considered the time of filing of the notification or report with the recipient.".

(B) CONFORMING AMENDMENT.—Section 304(a)(5) of such Act (2 U.S.C. 434(a)(5)) is amended by striking "paragraph (2)(A)(i) or (4)(A)(ii)" and inserting "paragraphs (2)(A)(i), (4)(A)(ii), or (6))".

(b) INCREASING ELECTRONIC DISCLOSURE.—Section 304(a)(6) of such Act (2 U.S.C. 434(a)(6)), as amended by section 103(b) and subsection (a)(2)(A), is further amended by adding at the end the following new subparagraph:

"(E)(i) The Commission shall make the information contained in the reports submitted under this paragraph available on the Internet and publicly available at the offices of the Commission as soon as practicable (but in no case later than 24 hours) after the information is received by the Commission.

"(ii) In this subparagraph, the term 'Internet' means the international computer network of both Federal and non-Federal interoperable packet-switched data networks.".

(c) CHANGE IN CERTAIN REPORTING FROM A CALENDAR YEAR BASIS TO AN ELECTION CYCLE BASIS.—Section 304(b) of such Act (2 U.S.C. 434(b)) is amended by inserting "(or election cycle, in the case of an authorized committee of a candidate for Federal office)" after "calendar year" each place it appears in paragraphs (2), (3), (4), (6), and (7).

(d) CLARIFICATION OF PERMISSIBLE USE OF FACSIMILE MACHINES TO FILE REPORTS.—Section 304(a)(11)(A) of such Act (2 U.S.C. 434(a)(11)) is amended by striking "method," and inserting "method (including by facsimile device in the case of any report required to be filed within 24 hours after the transaction reported has occurred),".

(e) REQUIRING RECEIPT OF INDEPENDENT EXPENDITURE REPORTS WITHIN 24 HOURS.—

(1) IN GENERAL.—Section 304(c)(2) of such Act (2 U.S.C. 434(c)(2)) is amended in the matter following subparagraph (C)—

(A) by striking "shall be reported" and inserting "shall be filed"; and

(B) by adding at the end the following new sentence: "Notwithstanding subsection (a)(5), the time at which the statement under this subsection is received by the Secretary, the Commission, or any other recipient to whom the notification is required to be sent shall be considered the time of filing of the statement with the recipient.".

(2) CONFORMING AMENDMENT.—Section 304(a)(5) of such Act (2 U.S.C. 434(a)(5)), as amended by subsection (a)(2)(B), is further amended by striking "or (6)" and inserting "or (6), or subsection (c)(2)".

(f) REQUIRING RECORD KEEPING AND REPORT OF SECONDARY PAYMENTS BY CAMPAIGN COMMITTEES.—

(1) REPORTING.—Section 304(b)(5)(A) of such Act (2 U.S.C. 434(b)(5)(A)) is amended by striking the semicolon at the end and inserting the following: ", and, if such person in turn makes expenditures which aggregate $500 or more in an election cycle to other persons (not including employees) who provide goods or services to the candidate or the candidate's authorized committees, the name and address of such other persons, together with the date, amount, and purpose of such expenditures;".

(2) RECORD KEEPING.—Section 302 of such Act (2 U.S.C. 432), as amended by section 105(a), is further amended by adding at the end the following new subsection:

"(k) A person described in section 304(b)(5)(A) who makes expenditures which aggregate $500 or more in an election cycle to other persons (not including employees) who provide goods or services to a candidate or a candidate's authorized committees shall provide to a political committee the information necessary to enable the committee to report the information described in such section.".

(3) NO EFFECT ON OTHER REPORTS.—Nothing in the amendments made by this subsection may be construed to affect the terms of any other recordkeeping or reporting requirements applicable to candidates or political committees under title III of the Federal Election Campaign Act of 1971.

(g) INCLUDING REPORT ON CUMULATIVE CONTRIBUTIONS AND EXPENDITURES IN POST ELECTION REPORTS.—Section 304(a)(7) of such Act (2 U.S.C. 434(a)(7)) is amended—

(1) by striking "(7)" and inserting "(7)(A)"; and

(2) by adding at the end the following new subparagraph:

"(B) In the case of any report required to be filed by this subsection which is the first report required to be filed after the date of an election, the report shall include a statement of the total contributions received and expenditures made as of the date of the election.".

(h) INCLUDING INFORMATION ON AGGREGATE CONTRIBUTIONS IN REPORT ON ITEMIZED CONTRIBUTIONS.—Section 304(b)(3) of such Act (2 U.S.C. 434(b)(3)) is amended—

(1) in subparagraph (A), by inserting after "such contribution" the following: "and the total amount of all such contributions made by such person with respect to the election involved"; and

(2) in subparagraph (A), by inserting after "such contribution" the following: "and the total amount of all such contributions made by such committee with respect to the election involved".

SEC. 302. STREAMLINING PROCEDURES AND RULES OF FEDERAL ELECTION COMMISSION.

(a) STANDARDS FOR COMMISSION REGULATION AND JUDICIAL INTERPRETATION.—Section 307 of the Federal Election Campaign Act of 1971 (2 U.S.C. 437d) is amended by adding at the end the following new subsection:

"(f)(1) When developing prescribed forms and making, amending, or repealing rules pursuant to the authority granted to the Commission by subsection (a)(8), the Commission shall act in a manner that will have the least restrictive effect on the rights of free speech and association so protected by the First Article of Amendment to the Constitution of the United States.

"(2) When the Commission's actions under paragraph (1) are challenged, a reviewing court shall hold unlawful and set aside any actions of the Commission that do not conform with the principles set forth in paragraph (1).".

(b) WRITTEN RESPONSES TO QUESTIONS.—

(1) IN GENERAL.—Title III of such Act (2 U.S.C. 431 et seq.) is amended by inserting after section 308 the following new section:

"OTHER WRITTEN RESPONSES TO QUESTIONS

"SEC. 308A. (a) PERMITTING RESPONSES.—In addition to issuing advisory opinions under section 308, the Commission shall issue written responses pursuant to this section with respect to a written request concerning the application of this Act, chapter 95 or chapter 96 of the Internal Revenue Code of 1954, a rule or regulation prescribed by the Commission, or an advisory opinion issued by the Commission under section 308, with respect to a specific transaction or activity by the person, if the Com-

mission finds the application of the Act, chapter, rule, regulation, or advisory opinion to the transaction or activity to be clear and unambiguous.

"(b) PROCEDURE FOR RESPONSE.—

"(1) ANALYSIS BY STAFF.—The staff of the Commission shall analyze each request submitted under this section. If the staff believes that the standard described in subsection (a) is met with respect to the request, the staff shall circulate a statement to that effect together with a draft response to the request to the members of the Commission.

"(2) ISSUANCE OF RESPONSE.—Upon the expiration of the 3-day period beginning on the date the statement and draft response is circulated (excluding weekends or holidays), the Commission shall issue the response, unless during such period any member of the Commission objects to issuing the response.

"(c) EFFECT OF RESPONSE.—

"(1) SAFE HARBOR.—Notwithstanding any other provisions of law, any person who relies upon any provision or finding of a written response issued under this section and who acts in good faith in accordance with the provisions and findings of such response shall not, as a result of any such act, be subject to any sanction provided by this Act or by chap-

ter 95 or chapter 96 of the Internal Revenue Code of 1954.

"(2) NO RELIANCE BY OTHER PARTIES.—Any written response issued by the Commission under this section may only be relied upon by the person involved in the specific transaction or activity with respect to which such response is issued, and may not be applied by the Commission with respect to any other person or used by the Commission for enforcement or regulatory purposes.

"(d) PUBLICATION OF REQUESTS AND RESPONSES.—The Commission shall make public any request for a written response made, and the responses issued, under this section. In carrying out this subsection, the Commission may not make public the identity of any person submitting a request for a written response unless the person specifically authorizes to Commission to do so.

"(e) COMPILATION OF INDEX.—The Commission shall compile, publish, and regularly update a complete and detailed index of the responses issued under this section through which responses may be found on the basis of the subjects included in the responses.".

(2) CONFORMING AMENDMENT.—Section 307(a)(7) of such Act (2 U.S.C. 437d(a)(7)) is

amended by striking "of this Act" and inserting "and other written responses under section 308A".

(c) OPPORTUNITY FOR ORAL ARGUMENTS BEFORE COMMISSION.—Section 309(a)(3) of such Act (2 U.S.C. 437g(a)(3)) is amended—

(1) by striking "(3)" and inserting "(3)(A)"; and

(2) by adding at the end the following new subparagraph:

"(B) If a respondent submits a brief under subparagraph (A), the respondent may submit (at the time of submitting the brief) a request to present an oral argument in support of the respondent's brief before the Commission. If at least 2 members of the Commission approve of the request, the respondent shall be permitted to appear before the Commission in open session and make an oral presentation in support of the brief and respond to questions of members of the Commission. Such appearance shall take place at a time specified by the Commission during the 30-day period which begins on the date the request is approved, and the Commission may limit the length of the respondent's appearance to such period of time as the Commission considers appropriate. Any information provided by the respondent during the appearance shall be

considered by the Commission before proceeding under paragraph (4).".

(d) INDEX OF ADVISORY OPINIONS.—

(1) IN GENERAL.—Section 308 of the Federal Election Campaign Act of 1971 (2 U.S.C. 437f) is amended by adding at the end the following new subsection:

"(e) The Commission shall compile, publish, and regularly update a complete and detailed index of the advisory opinions issued under this section through which opinions may be found on the basis of the subjects included in the opinions.".

(2) EFFECTIVE DATE.—The Federal Election Commission shall first publish the index of advisory opinions described in section 308(e) of the Federal Election Campaign Act of 1971 (as added by paragraph (1)) not later than 60 days after the date of the enactment of this Act.

(e) STANDARD FOR INITIATION OF ACTIONS.—Section 309(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(2)) is amended by striking "it has reason to believe" and all that follows through "of 1954," and inserting the following: "it has a reason to investigate a possible violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954

that has occurred or is about to occur (based on the same criteria applicable under this paragraph prior to the enactment of the Campaign Finance Reform Act of 1996),".

(f) APPLICATION OF AGGREGATE CONTRIBUTION LIMIT ON CALENDAR YEAR BASIS DURING NON-ELECTION YEARS.—Section 315(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(3)) is amended by striking the second sentence.

(g) REPEAL REPORT BY SECRETARY OF COMMERCE ON DISTRICT-SPECIFIC VOTING AGE POPULATION.—Section 315(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(e)) is amended by striking "States, of each State, and of each congressional district" and inserting "States and of each State".

(h) COMMERCIALLY REASONABLE LOANS NOT TO BE TREATED AS CONTRIBUTIONS BY LENDER.—Section 301(8)(B)(vii) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)(vii)) is amended—

(1) by striking "or a depository" and inserting "a depository"; and

(2) by inserting after "Administration," the following: "or any other commercial lender,".

(i) ABOLITION OF EX OFFICIO MEMBERSHIP OF CLERK OF HOUSE OF REPRESENTATIVES ON COMMIS-

SION.—Section 306(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(a)) is amended—

(1) in paragraph (1), by striking "and the Clerk" and all that follows through "designees" and inserting "or the designee of the Secretary"; and

(2) in paragraphs (3), (4), and (5), by striking "and the Clerk of the House of Representatives" each place it appears.

(j) GRANTING COMMISSION AUTHORITY TO WAIVE REPORTING REQUIREMENTS.—Section 304 of such Act (2 U.S.C. 434), as amended by section 101(b), is further amended by adding at the end the following new subsection:

"(e) The Commission may by unanimous vote relieve any person or category of persons of the obligation to file any of the reports required by this section, or may change the due dates of any of the reports required by this section, if it determines that such action is consistent with the purposes of this title. The Commission may waive requirements to file reports or change due dates in accordance with this subsection through a rule of general applicability or, in a specific case, by notifying all the political committees involved.".

(k) PERMITTING CORPORATIONS TO COMMUNICATE WITH ALL EMPLOYEES.—

(1) IN GENERAL.—Section 316(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)) is amended by striking "executive or administrative personnel" each place it appears in paragraphs (2)(A), (2)(B), (4)(A)(i), (4)(D), and (5) and inserting "officers or employees".

(2) CONFORMING AMENDMENT.—Section 316(b) of such Act is amended by striking paragraph (7).

(l) PERMITTING UNLIMITED SOLICITATIONS BY CORPORATIONS OR LABOR ORGANIZATIONS; PROTECTING CONFIDENTIALITY OF CONTRIBUTIONS NOT GREATER THAN $100.—Section 316(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)(3)), as amended by subsection (k)(2), is amended—

(1) in paragraph (4)(A), by striking "(B), (C)," and inserting "(C)";

(2) in paragraph (4)(A)(ii), by striking the period at the end and inserting the following: ", its officers or employees and their families, employees who are not members and their families, and officers, employees, or stockholders of a corporation (and their families) in which the labor organization represents members working for the corporation.";

(3) in paragraph (4), by striking subparagraph (B); and

(4) by adding at the end the following new paragraph:

"(7)(A) Any corporation or labor organization (or separate segregated fund established by such a corporation or such a labor organization) making solicitations of contributions shall make such solicitations in a manner that ensures that the corporation, organization, or fund cannot determine who makes a contribution of $100 or less as a result of such solicitation and who does not make such a contribution.

"(B) Subparagraph (A) shall not apply with respect to any solicitation of contributions of a corporation from its stockholders.".

(m) GREATER PROTECTION AGAINST FORCE AND REPRISALS.—Section 316(b)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)(3)), is amended—

(1) by redesignating subparagraphs (A) through (C) as subparagraphs (B) through (D); and

(2) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) for such a fund to cause another person to make a contribution or expenditure by physical

force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal;".

(n) REQUIRING COMPLAINANT TO PROVIDE NOTICE TO RESPONDENTS.—Section 309(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(1)) is amended by striking the third sentence and inserting the following: "The complaint shall include the names and addresses of persons alleged to have committed such a violation. Within 5 days after receipt of the complaint, the Commission shall provide written notice of the complaint together with a copy of the complaint to each person described in the previous sentence, except that if the Commission determines that it is not necessary for a person described in the previous sentence to receive a copy of the complaint, the Commission shall provide the person with written notice that the complaint has been filed, together with written instructions on how to obtain a copy of the complaint without charge from the Commission.".

(o) STANDARD FORM FOR COMPLAINTS; STRONGER DISCLAIMER LANGUAGE.—

(1) STANDARD FORM.—Section 309(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(1)) is amended by inserting after "shall be notarized," the following: "shall be in a

standard form prescribed by the Commission, shall not include (but may refer to) extraneous materials,".

(2) DISCLAIMER LANGUAGE.—Section 309(a)(1) of such Act (2 U.S.C. 437g(a)(1)) is amended—

(A) by striking "(a)(1)" and inserting "(a)(1)(A)"; and

(B) by adding at the end the following new subparagraph:

"(B) The written notice of a complaint provided by the Commission under subparagraph (A) to a person alleged to have committed a violation referred to in the complaint shall include a cover letter (in a form prescribed by the Commission) and the following statement: 'The enclosed complaint has been filed against you with the Federal Election Commission. The Commission has not verified or given official sanction to the complaint. The Commission will make no decision to pursue the complaint for a period of at least 15 days from your receipt of this complaint. You may, if you wish, submit a written statement to the Commission explaining why the Commission should take no action against you based on this complaint. If the Commission should decide to investigate, you will be notified and be given further opportunity to respond.'".

(p) BANNING ACCEPTANCE OF CASH CONTRIBUTIONS GREATER THAN $100.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by sections 101, 103(a)(1), and 202, is further amended by adding at the end the following new subsection:

"(l) No candidate or political committee may accept any contributions of currency of the United States or currency of any foreign country from any person which, in the aggregate, exceed $100.".

(q) APPOINTMENT AND SERVICE OF STAFF DIRECTOR AND GENERAL COUNSEL OF COMMISSION.—

(1) APPOINTMENT; LENGTH OF TERM OF SERVICE.—

(A) IN GENERAL.—The first sentence of section 306(f)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(f)(1)) is amended by striking "by the Commission" and inserting the following: "by an affirmative vote of not less than 4 members of the Commission and may not serve for a term of more than 4 consecutive years without reappointment in accordance with this paragraph".

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply with re-

spect to any individual serving as the staff director or general counsel of the Federal Election Commission on or after January 1, 1997, without regard to whether or not the individual served as staff director or general counsel prior to such date.

(2) TREATMENT OF INDIVIDUALS FILLING VACANCIES; TERMINATION OF AUTHORITY UPON EXPIRATION OF TERM.—Section 306(f)(1) of such Act (2 U.S.C. 437c(f)(1)) is amended by inserting after the first sentence the following new sentences: "An individual appointed as a staff director or general counsel to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the individual he or she succeeds. An individual serving as staff director or general counsel may not serve in any capacity on behalf of the Commission after the expiration of the individual's term unless reappointed in accordance with this paragraph.".

(3) APPOINTMENT OF ADDITIONAL STAFF.—

(A) IN GENERAL.—The last sentence of section 306(f)(1) of such Act (2 U.S.C. 437c(f)(1)) is amended by inserting "not less than 4 members of" after "approval of".

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply with respect to personnel appointed on or after January 1, 1997.

(r) ENCOURAGING CITIZEN GRASSROOTS ACTIVITY ON BEHALF OF FEDERAL CANDIDATES.—

(1) EXEMPTION OF INDIVIDUAL CONTRIBUTIONS UNDER $100.—Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)), as amended by sections 110(a) and 205(a), is further amended—

(A) by striking "and" at the end of clause (xv);

(B) by striking the period at the end of clause (xvi) and inserting "; and"; and

(C) by adding at the end the following new clause:

"(xvii) any payment of funds on behalf of a candidate (whether in cash or in kind, but not including a direct payment of cash to a candidate or a political committee of the candidate) by an individual from the individual's personal funds which in the aggregate does not exceed $100, if the funds are used for activities carried out by the individual or a member of the individual's family.".

(2) EXEMPTION OF INDIVIDUAL EXPENDITURES UNDER $100.—Section 301(9)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)), as amended by sections 110(b) and 205(b), is amended—

(A) by striking "and" at the end of clause (xii);

(B) by striking the period at the end of clause (xiii) and inserting "; and"; and

(C) by adding at the end the following new clause:

"(xiv) any payment of funds on behalf of a candidate (whether in cash or in kind, but not including a direct payment of cash to a candidate or a political committee of the candidate) by an individual from the individual's personal funds which in the aggregate does not exceed $100, if the funds are used for activities carried out by the individual or a member of the individual's family.".

(s) PERMITTING PARTNERSHIPS TO SOLICIT CONTRIBUTIONS AND PAY ADMINISTRATIVE COSTS OF POLITICAL COMMITTEES IN SAME MANNER AS CORPORATIONS AND LABOR UNIONS.—

(1) TREATMENT OF CONTRIBUTIONS.—Section 301(8)(B) of the Federal Election Campaign Act (2

U.S.C. 431(8)(B)), as amended by sections 110(a) and 205(a) and subsection (r)(1), is amended—

(A) by striking "and" at the end of clause (xvi);

(B) by striking the period at the end of clause (xvii) and inserting "; and"; and

(C) by adding at the end the following new clause:

"(xviii) any payment made or obligation incurred by a partnership in the establishment and maintenance of a political committee, the administration of such a political committee, or the solicitation of contributions to such committee.".

(2) TREATMENT OF EXPENDITURES.—Section 301(9)(B) of such Act (2 U.S.C. 431(9)(B)), as amended by sections 110(b) and 205(b) and subsection (r)(2), is amended—

(A) by striking "and" at the end of clause (xiii);

(B) by striking the period at the end of clause (xiv) and inserting "; and"; and

(C) by adding at the end the following new clause:

"(xv) any payment made or obligation incurred by a partnership in the establishment and mainte-

nance of a political committee, the administration of such a political committee, or the solicitation of contributions to such committee.".

TITLE IV—GENERAL PROVISIONS

SEC. 401. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall take effect January 1, 1997.

SEC. 402. SEVERABILITY.

If any provision of this Act or any amendment made by this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 403. EXPEDITED COURT REVIEW.

(a) RIGHT TO BRING ACTION.—The Federal Election Commission, a political committee under title III of the Federal Election Campaign Act of 1971, or any individual eligible to vote in any election for the office of President of the United States may institute an action in an appropriate district court of the United States (including an action for declaratory judgment) as may be appropriate to construe the constitutionality of any provision of this Act or any amendment made by this Act.

(b) HEARING BY THREE-JUDGE COURT.—Upon the institution of an action described in subsection (a), a district court of three judges shall immediately be convened to decide the action pursuant to section 2284 of title 28, United States Code. Such action shall be advanced on the docket and expedited to the greatest extent possible.

(c) APPEAL OF INITIAL DECISION TO SUPREME COURT.—An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by the court of 3 judges convened pursuant to subsection (b) in an action described in subsection (a). Such appeal shall be brought not later than 20 days after the issuance by the court of the judgment, decree, or order.

(d) EXPEDITED REVIEW BY SUPREME COURT.—The Supreme Court shall accept jurisdiction over, advance on the docket, and expedite to the greatest extent possible an appeal taken pursuant to subsection (c).

The CHAIRMAN. With that then, I will turn to Ms. Carlson, Mr. Buhler, and Mr. Blencowe. If you will move through the bill and any Member who has a question at any point for explanatory purposes, simply ask the question and you will provide a succinct answer.

Ms. CARLSON. Thank you, Mr. Chairman.

The bill is H.R. 3760, the Campaign Finance Reform Act of 1996. Section 2 are the findings. I would ask the Chairman if he would like us to read the findings or consider them read?

The CHAIRMAN. It is not necessary.

Ms. CARLSON. Title I, Restoring Control of Elections to Individuals. Section 101 requires that a majority of funds come from individuals residing in a candidates' district. Compliance with this requirement is required as of each report sent to the FEC and is based on cumulative contributions received during the election cycle.

Funds are also subject to an allocation rule; the following are allocated 50 percent in district and 50 percent out of district: personal funds above the individual contribution limit; contributions from political parties; funds carried forward after the 20-day post general election report; and as of enactment, funds carried forward from the 1996 election.

Enforcement of Section 101 occurs when reports are filed with the FEC. When reports are filed within the 20-day pre- and post-election period, if a candidate is not in compliance, the candidate pays five times the amount of the funds under majority in district, plus a civil penalty as determined by the FEC.

At other reporting periods, if a candidate is not in compliance, then the candidate pays three times the amount of funds under majority in district at the time that the report is filed.

Section 102——

Mr. FAZIO. Mr. Chairman, before we leave 101, I have a question. I am interested in the workability of the in-district requirement. Is there any way that we can determine whether a contributor resides in a district or not?

The impression I have is that we have many, many complexities in this area. We have got voter registration lists, but they, of course, would not apply because you don't have to be a registered voter to be a contributor. We have got zip codes and area codes, none of which are coterminous with congressional boundaries. We have people who have businesses in districts and live in other districts, and you never know from the check——

The CHAIRMAN. I will tell the gentleman just to understand, that is an argumentative point over the bill. If you want to make political statements——

Mr. FAZIO. I have arguments I will make later.

The CHAIRMAN. What is the question?

Mr. FAZIO. I am simply looking for a mechanism by which you could enforce this.

The CHAIRMAN. You have named a whole series of these.

Mr. FAZIO. I don't believe any of them apply. The reason I mentioned them is I don't think they help us get to the conclusion you are seeking.

The CHAIRMAN. Since I believe it was largely an argumentative question, I will briefly give you a response.

Mr. FAZIO. If that is argumentative, Mr. Chairman, we are in deep trouble.

The CHAIRMAN. I understand. There are a number of problems with the current law which we all resolve as candidates when we file our reports. Indeed, whether the individual has written a check, which is an individual check rather than a corporate check, there are procedures in which you determine whether it is an individual or corporate check. There is a request that the address be supplied. We attempt to do that to the best of our ability.

Mr. FAZIO. But that is not required of the contributor.

The CHAIRMAN. I understand. What we are saying is a majority of funds should come from individuals who reside in the district. The gentleman is quite right that residence is a term of art in many instances. But, what the gentleman fails to understand, is that the whole purpose is to make sure that someone is not listed as an in-district resident in more than one district. Addresses could certainly be a beginning. Zip codes could also be a beginning. It could be a secondary stage, a simple alpha match of everyone listed in district. If someone turns out being in more than one district, then that is a simple corrective problem.

There are any number of mechanisms available to determine whether or not an individual is in fact in district. Rather than try to dictate to the FEC any particular policy, this is something that is going to be very simple to work out.

On the face of the report, it is the dollar amount in district, the dollar amount outside. If the dollar amount in district is greater than the dollar amount out of district, there is no need to go beyond that, unless of course you wish to check just as other folk do as to whether or not that individual was a corporation or a person.

The point I am making is a number of checks are already made on a profile of the individual. This is one that will be done as well.

Mr. FAZIO. If the gentleman will yield, I recognized back at the beginning of this Congress when we were arguing about voter fraud, whether somebody lived in one district and voted in another, I gather what you are saying is it really wouldn't matter, as long as they only contribute in one district. Is that the point?

The CHAIRMAN. I am telling, the gentleman that penalty here is on the candidate in terms of the mix, and it is a fine. I think casting a vote illegally is not exactly an analogy that the gentleman should use.

Mr. FAZIO. I am concerned that the candidate will be liable for a decision somebody else makes. Let's be honest, many of the people who live in suburban districts contribute through their business in a downtown district. Many people who live in rural areas may raise money from people who live on the fringes of suburbia.

The point is that the candidate is vulnerable to the errors that will occur because there is no foolproof way by which we can determine whether somebody lives in the district in which they happen to contribute.

The CHAIRMAN. I would tell the gentleman, the ultimate proof is the individual who contributes saying, yes, I reside in that district

and, no, I haven't contributed as an in-district contributor to any other districts.

Ms. CARLSON. The reporting is also based on cumulative amounts. When you report to the FEC, you report all of the money you have raised. So it is a total figure that you certify as in or out of district. So if there is somebody that has given $1,000 and they are in the wrong spot, unless you are that close to the majority number, it is really not a big factor.

Mr. FAZIO. So you are saying if you exceed the requirement, you cover yourself. It is like when you circulate petitions, you want to go over by several thousand so you couldn't be proven to be wrong. Is that the point?

Ms. CARLSON. In terms of the math, that is how it could certainly work.

The CHAIRMAN. If the gentleman will yield, the majority in district means 50 percent plus one or more, not 50 percent plus one.

Mr. FAZIO. I think the gentleman's response indicates that he realizes this will not be an easy task and there is room for much error. You are saying overcompensate, is what you are saying, so you won't be caught.

The CHAIRMAN. That would be an option available to someone. Since that is the way most people run their campaigns, and as the gentleman knows, there is a season to activities as well. The point is, there are any number of mechanisms to resolve this both voluntary, and I am sure the FEC will examine it once it becomes law.

Mr. FAZIO. There is no requirement you are writing in the bill that the contributor is liable for anything if they don't accurately describe their domicile, their residence. In other words, the burden falls on the candidate, not on someone who may wish to help someone, even though they are not their representative; is that correct? There is no change in the law that says you must file your address.

Ms. CARLSON. Correct.

The CHAIRMAN. It is cumulative or collective, not individual.

Mr. GEJDENSON. Will the gentleman yield for a question on this issue?

The CHAIRMAN. Sure.

Mr. GEJDENSON. Are you saying that 51 percent of the contributions have to come from in district, or does 51 percent of the dollars have to come from the district? Because, obviously, if I happen to represent a lot of poor people, I may be able to get lots of $1 or $2 contributions. If I am from the country club set, on the other hand, I could get a lot of $2,500 contributions.

The CHAIRMAN. I will tell the gentleman——

Mr. GEJDENSON. I was asking the lady. I am happy to engage in a colloquy.

The CHAIRMAN. I will tell the gentleman this is moving into the argumentative area rather than for the purposes of explanation.

Mr. GEJDENSON. It is amazing, your Solomon-like judgment on what is argumentative and what is explanation. Thank you, Mr. Chairman.

The CHAIRMAN. Do you want her to respond to your question?

Mr. GEJDENSON. Apparently my question is out of order.

The CHAIRMAN. It is not out of order. I simply indicated as you begin to suggest the kinds of folks who could participate in a majority in districts, it shifts into the argumentative stage. If the gentleman's question was, is a majority 51 percent, the answer is no. It is 50 percent plus one. It is the dollar amount, not the number of contributions.

Would you continue, Ms. Carlson.

Ms. CARLSON. Moving on to Section 102, Section 102 reduces the PAC, the political action committee contribution limit, to the individual contribution limit. The mechanism for doing this is to eliminate the current multicandidate committee. Under current law, these multicandidate committees are the PACs that can contribute $5,000 and as a result under this bill all PACs are equalized at the same contribution level as individuals.

Section 103 is entitled, "Modify Contribution Limits."

Mr. FAZIO. Mr. Chairman, I just wanted to get, if I could, from Stacy the numbers which go to this issue. You go to reduction in PAC contributions under 102. Does it also include in that section the ability to increase giving in general through PACs? I don't want to jump ahead.

Ms. CARLSON. Section 102 is only relating to PACs and the contribution limit.

Mr. FAZIO. Which would be indexed henceforth.

Ms. CARLSON. That is in Section 104. This deals only with the treatment of multicandidate PACs.

Okay. Section 103, modified contribution limits when a wealthy candidate contributes large amounts of personal funds. There are two portions to this section. There is a reporting requirement, and then there are triggers based on the reporting.

If a candidate contributes personal funds greater than the individual contribution limit in any election, then that candidate must report within 24 hours subsequent personal contributions that aggregate $5,000 or more.

This report must also include the aggregate amount of personal funds expended or contributed to date for that election. The candidate must also report within 24 hours when total spending of personal funds exceeds $150,000. The FEC will publish these reports on the FEC Internet web site.

Based on the reporting that the candidate has done, in a primary election, when a candidate has contributed $150,000 in personal funds, then for all candidates in the race, the individual contribution limits and the Majority in District rules for individual contributions are lifted only up to the amount of the total amount of personal funds of the wealthy candidate's most recent report to the FEC.

In the general election, the same reporting requirements apply. In a general election, when a candidate contributes more than the individual contribution limit, but not more than $150,000 in personal funds, then political parties may contribute matching dollars for all personal funds raised above the personal contribution limit. The matching dollars provided by parties are not counted toward the party contribution limits.

In a general election, when a candidate contributes more than $150,000 in personal funds, then for all candidates in the race, po-

litical parties can continue to contribute matching dollars for all personal funds raised above the individual contribution limit, and these contributions are not counted toward party contribution limits; and the individual contribution limits and the application of Majority in District rules for individual contributions are lifted up to the total amount of personal funds in the wealthy candidate's most recent report.

In all cases the individual aggregate limits and the PAC contribution limits still apply.

Mr. FAZIO. That point, Stacy, the only place you can go to equalize access to money when an individual of great wealth is involved is to a party; is that correct? Would that be appropriate to go to the party at any level, local, State, Federal?

Ms. CARLSON. The party does not provide matching in a primary election.

Mr. FAZIO. In a general.

Ms. CARLSON. In a general election. In a primary or general above $150,000, when someone spends $150,000 of their own money, above that level, individual contribution limits are lifted.

Mr. FAZIO. In some prior legislation I have seen access to PACs has increased, or access to private individual donations has increased, that would not be permitted. The only place you could go in order to match the wealth of your opponent was to the party.

Ms. CARLSON. No.

Mr. FAZIO. In a general election.

Ms. CARLSON. In a general election, up to $150,000, the only place you can go is the party. Above $150,000 in a general election, the party may continue to match money, and individual contribution limits are lifted. But PAC limits are not lifted, and the individual contribution limits still remain under the overall aggregate limit that applies under Federal law.

Mr. FAZIO. I guess I am troubled by that in the sense that we don't seem to give everyone equal access, because the party, at whatever level, may or may not be in a position to provide the money in the first place; is that right? There is the assumption is that the party will always have the funds, but there is no assurance they would.

Ms. CARLSON. I believe the provision is intended to try to give the opportunity for a candidate of ordinary means running against someone with personal funds opportunities to have a level playing field, whether the party participates or not.

Mr. FAZIO. My only concern is it doesn't go to perhaps where the candidate may obtain the funds, a PAC or an individual donor beyond $150,000, or equal access, because parties are not equally well-funded. I don't mean to get into argumentation, but it seems to me it did provide for an unequal playing field, depending on where you might typically find funds to counteract lots of personal wealth.

Ms. CARLSON. This does apply to national, State and local parties in terms of matching.

Mr. FAZIO. That was my earlier question. In other words, you could go to your State or local party.

What if that money were non-Federal and you were a Federal candidate?

Ms. CARLSON. You couldn't get that.

Mr. FAZIO. That wouldn't affect it?

The CHAIRMAN. Obviously you didn't use non-Federal money. That is another section.

Mr. FAZIO. You have to use for Federal elections so-called hard dollars, even if they were obtained from the State or local party?

Ms. CARLSON. That is correct.

The CHAIRMAN. The gentleman is correct, it applies to individuals and parties. There is no commensurate lifting of the limits on political action committees.

Ms. CARLSON. Any further questions on Section 103?

Section 104, to index all contribution limits. Under this bill, as of January 1997, all contribution limits are indexed retroactively in accordance with adjustments since 1977 in the Consumer Price Index.

The contribution limits are adjusted in each subsequent election cycle, and they are indexed at the beginning of the election cycle, and they are rounded to the lowest multiple of $500.

In addition, this section adjusts the amount allowed for transferring between candidate committees to the same level as individual contribution limits.

Section 105——

Mr. FAZIO. Could I ask on 104, is it a tripling essentially; would your index provide that?

Ms. CARLSON. No.

Mr. FAZIO. What would we use, just as a handy way of translating this into real dollars?

Ms. CARLSON. The dollar value of the individual contribution limit that we estimate now would be $2,500, which would also be the PAC limit.

Mr. FAZIO. I am looking for a multiplier to be able to understand this a little better.

Ms. CARLSON. Rounding down, the multiplier is roughly 2.5 when you round down to get that. The actual adjustment in the multiplier, again we are projecting with the 1977 adjustment, would be—the multiplier is roughly between 2.5 and 2.9.

Mr. FAZIO. We had 2.9.

Ms. CARLSON. Roughly that is accurate.

Mr. FAZIO. That would be accurate then, 2.9. Almost 3.

Ms. CARLSON. Almost 3, rounded down. That is the Consumer Price Index as we calculated it.

Mr. GEJDENSON. Is the actual answer, if this isn't being argumentative——

The CHAIRMAN. It depends on what you ask.

Mr. GEJDENSON. Is it 2.9 or 2.5; is it you will always drop $400?

Ms. CARLSON. You will always drop to the lowest multiple of $500.

Mr. GEJDENSON. If it is $499, you drop down one.

The CHAIRMAN. I will tell the gentleman we have a formula, not the numbers. We are going to rely on CRS and others to actually determine the numbers. The rounding down is now the common government practice, including social security. They used to round up. They now round down.

Mr. FAZIO. I understand that, Mr. Chairman. I am looking for absolute numbers that we could talk about, because——

The CHAIRMAN. Try $2,500 for individuals and $2,500 for PACs. If we keep inflation down, it will stay there for a while. If inflation goes up, obviously on the $500 rounding, it will give up in a few elections.

To give you a bit of a rationale so you understand on the $500, instead of having an amount change every election, it creates an incremental adjustment over time. That is the purpose of it.

Mr. FAZIO. What would be the individual aggregate to all Federal candidates then, for example? What would that translate to? That is currently $25,000.

The CHAIRMAN. Have we had CRS or anybody actually carry out the calculations?

Ms. CARLSON. No. We have estimated roughly based on——

The CHAIRMAN. These are rough estimates.

Mr. FAZIO. We made our estimates obviously, too. I want to see if we are anywhere near yours.

The CHAIRMAN. We will stipulate yes and move on.

Ms. CARLSON. Yes. Roughly the individual limit would be $72,000.

Mr. FAZIO. $72,500.

Ms. CARLSON. It is currently $25,000.

Mr. FAZIO. We will get to what we are at later. We are at $72,500 as well. We are estimating your number would produce that.

How about each national party committee?

Ms. CARLSON. It is currently $20,000. We get to roughly $58,000.

Mr. FAZIO. How about to each State party committee? Currently 5,000.

Ms. CARLSON. Roughly the same. In another section of the bill, in Title II, the State party limit is adjusted to equal the national party limit, and that is indexed as well.

Mr. FAZIO. That would be from $5,000 to $58,000?

Ms. CARLSON. Using that two-step progression correct.

Mr. FAZIO. Using that formula.

I have other questions on this, but I think rather than pursue all of them, I get the flavor. It is a significant increase.

Ms. CARLSON. It is a reflection of inflation since 1977.

Mr. GEJDENSON. Except for in political action committees where it is a reduction.

Ms. CARLSON. From current levels, correct.

Mr. GEJDENSON. Basically anyplace that wealthy individuals play, the numbers go up. And where average citizens might have a chance to participate, it goes down; is that correct?

Ms. CARLSON. No.

Mr. GEJDENSON. No? How many average citizens do you know that could give $72,000 to a party or a Federal candidate?

Ms. CARLSON. I don't know many that could give $25,000.

Mr. GEJDENSON. It is certainly not the poor working people that could give $72,000.

Mr. HOYER. Mr. Chairman, this is just the explanation of the bill, I take it?

The CHAIRMAN. We are trying to make this just the explanation. That has been the Chair's desire. We agreed unanimously to do that. I understand the gentleman's confusion based upon the earlier response.

Ms. CARLSON. Section 105, requests that, after enactment, a candidate must designate a principal campaign committee and may only receive contributions for that principal campaign committee.

This is the prohibition of leadership PACs.

As of the enactment date, the bill would eliminate joint fund-raising committees. There is no transition for joint fund-raising committees.

For leadership committees, committees other than a designated principal campaign committee, that have cash on hand as of enactment, may continue to spend those funds through the 1998 election cycle. After the 1998 general election, anything other than a principal campaign committee must be disbanded and dissolved.

Section 106: Section 106 prohibits bundling. Neither a PAC nor lobbyist, i.e., a person required to register under the Lobbying Disclosure Act, may act as an intermediary or conduit for contributions to a candidate for Federal office.

Mr. PASTOR. May I ask a question, why do you limit it on a total so narrow to political action or registered lobbyists? Why didn't we just cease bundling as a procedure? Why did we pick these two and not go beyond that?

Ms. CARLSON. I think the only other class would be individuals. In order to support grassroots activities, I think the example best would be if you have a coffee in your home, and 10 neighbors come and each write a check for $10 and put it in a basket, and then you gave it to a candidate, we would not want that to be considered bundling.

There are other provisions within the Federal law which would make it against the law for, say, the head of a corporation to gather checks from his executive officers and give them to a candidate.

Mr. PASTOR. This will allow the corporate executive to go ahead?

Ms. CARLSON. It will not allow that. If I am correct, it is currently prohibited under law to do that. We didn't want to go after individuals because we wanted to continue to allow grassroots types of informal coffees and barbecues to continue.

The CHAIRMAN. If you can write a bundling provision, I would be more than willing to look at it. You have clearly classified people, the lobbyist registers, and the PACs have a structure. But when you go out and try to write a provision that, one, is constitutional, and, two, accomplishes what you want to do, you will find it is very difficult to do.

Mr. HOYER. Could I follow up on that?

The CHAIRMAN. Sure.

Mr. HOYER. First of all, I understand we are not a lobby. I think all of this bundling stuff is really phony. I think a lot of this stuff is phony because in point of fact it is so easy to get around and do indirectly what the law prohibits you from doing directly. I would prefer to just do it directly and report it.

Having said that, Stacy, you indicated that a corporate executive who is sitting at lunch with 10 board members and says, you know, Bill Thomas has been great on the Ways and Means Committee to

corporation X's interest; not to corporation X. We ought to really help him because he is good for us. He is for policies good for our company. We ought to all give him $1,000, which is the maximum. That is a great idea.

Ten guys and gals write out $1,000. Rather than send them separately, they say, look, you are going to see Thomas tomorrow, give him these 10 checks.

I think there is personally, A, nothing wrong with that; and B, what prohibits that, what section of law? You say that that is prohibited. What section of law prohibits that?

Mr. BUHLER. There could be two problems. The first problem is that it could be a prohibited solicitation if there were any coercion involved by——

Mr. HOYER. You are talking to a lawyer, counselor. We share that. Don't give me the speculation of what happened. I understand that if you——

The CHAIRMAN. No coercion.

Mr. HOYER. If I tell people you have to give, that is against the law. I understand that. That is not the case I posited to you, counselor. The case I posited, everybody thinks Bill Thomas is good for our corporation because he is for deregulation——

The CHAIRMAN. No matter how hypothetical that sounds, you follow his guide.

Mr. HOYER. Stacy says she thinks under other portions of law that is illegal. I am trying to figure out, not in an argumentative way, what makes that illegal?

Mr. BUHLER. The other factor that has to be considered is one has to be sure that one is not using corporate resources. Now, if you are in a private forum——

Mr. HOYER. Counselor, we all understand that. These guys reach in their pocket and write a check for $1,000 on their personal accounts. If they write it on corporate accounts, that is not the hypothetical I posed to you, because I know that is illegal. What makes it illegal for the executive who says, Bill Thomas or Steny Hoyer is good for us, equally plausible from at least my perspective if not others', that they write a $1,000 check apiece on their personal accounts, give it to Bill or give it to Sam, who is the guy that brought it up, and say, hey, give these to Bill and Steny?

Mr. BUHLER. As long as no corporate resources are used in the solicitation, and as long as the individuals are acting as individuals and not as agents of the corporation or the political action committee, that would be okay.

Mr. HOYER. That is what I thought.

Stacy, I think therefore——

Ms. CARLSON. I was thinking more of coercion. I was not clear.

The CHAIRMAN. She was thinking of the corporate contribution rather than a group of individuals getting together on their own without coercion, writing checks on their own account.

Ms. CARLSON. If you were to write the bill to go after the corporate executives, the neighborhood would be affected the same way. We didn't want to do that.

The CHAIRMAN. Nor did we do that.

Mr. FAZIO. Can I follow on Mr. Hoyer's point? Putting aside the issue of coercion and the Prudential decision, which I guess goes

to the question of using corporate money to raise money, there is nothing to prohibit bundling by someone who is, say, the director of governmental affairs, who hires lobbyists and manages a PAC.

Ms. CARLSON. If they are not registered as a lobbyist.

Mr. FAZIO. They can have a little coffee down the end of the hall or walk up and down corporate row and pick up checks, as long as it is not done by the PAC or done by a lobbyist. So in effect, we have a very minimal standard here. It is more to get at somebody who falls in one of those two categories than it is to deal with bundling as a "problem."

Mr. BUHLER. The situation you describe in which an individual walks up and down the corporate hall and solicits on company time might well be viewed as a corporate contribution. I think to protect oneself, this would have to be done in situations which made it clear one was acting——

Mr. FAZIO. That would be a good legal recommendation. I know, however, it is probably rarely ever adhered to.

The point I am making is that same individual could raise money in some manner, whether it be a coffee at the end of the day or what have you——

The CHAIRMAN. I will tell the gentleman we are going to miss the vote. You can continue, if you want, when we come back.

The committee will stand in recess. Where are we?

Ms. CARLSON. We are on Section 106.

The CHAIRMAN. Section 106, heading to Section 107. We will be back at 6:15 p.m.

[Recess.]

The CHAIRMAN. Without objection then, we can begin or finish Section 106.

Any additional questions before we move to Section 107?

Section 107 it is.

Mr. PASTOR. One question.

The CHAIRMAN. Sure.

Mr. PASTOR. 106, how does that affect Emily's List? Is that the one, bundling?

The CHAIRMAN. I will tell the gentleman, it affects any of those operations——

Mr. PASTOR. 107?

The CHAIRMAN [continuing]. That utilize bundling.

Mr. PASTOR. 107?

The CHAIRMAN. It affects——

Ms. CARLSON. 107? Are you referring to Section 106, the——

The CHAIRMAN. No, his question was referring to Emily's List, Wish List. Structures that utilize bundling as a method of collection would, in fact, be affected.

Mr. FAZIO. Let me clarify. If they are a PAC—and I believe they are—they would be affected.

Ms. CARLSON. Correct.

Mr. FAZIO. If they were not a PAC—and they could easily decide not to be——

The CHAIRMAN. That is correct.

Mr. FAZIO [continuing]. Then they wouldn't be affected. So they are affected by the amendment as written.

Ms. CARLSON. Correct.

The CHAIRMAN. The gentleman is absolutely correct. The structure affects them, not the method.

Mr. PASTOR. Okay. Thank you.

Ms. CARLSON. Section 107, definition of "independent expenditures." An independent expenditure—(I don't know what is wrong with the microphones).

An independent expenditure means an expenditure expressly advocating the election or defeat of clearly identified candidates if it is not made with the cooperation, prior consent, in consultation with, or at the request or suggestion of a candidate or any candidate's agent.

Expressly advocating defeat includes the use in the communication of explicit words such as "vote for," "reelect," "support," "vote against," "defeat," or "elect," accompanied by a reference to one or more clearly identified candidates or words such as vote for or against a position on an issue, accompanied by a listing of one or more clearly identified candidates described as for or against that issue.

An expenditure which does not contain explicit words expressly advocating election or defeat of a clearly identified candidate shall not be considered an independent expenditure.

Section 108, require affirmative——

Mr. FAZIO. Can I just ask a question on that, Stacy?

Ms. CARLSON. Yes.

Mr. FAZIO. Maybe it would be more appropriate for one of the counsel.

Have you used the words in either of the two Federal judicial districts where this issue has been adjudicated to define what is a definition?

Ms. CARLSON. We have.

Mr. FAZIO. That would not only apply to this provision but to others perhaps in the bill, too?

Ms. CARLSON. Other provisions in the bill?

Mr. FAZIO. You know, other provisions in the bill that would redefine what, in fact, would be an independent expenditure?

The CHAIRMAN. The definition of "independent" relies primarily on the original decision of the Court and not on any district court opinions which may add some subjectivity.

Ms. CARLSON. Correct, the *Buckley* v. *Valeo* decision and the Massachusetts decision.

Mr. FAZIO. *Buckley* v. *Valeo* is the last Supreme Court decision.

The CHAIRMAN. Correct.

Mr. FAZIO. My understanding is that there have been judicial decisions of the Federal courts that have been allowed to stand thus far. There is one in the California case which more appropriately, in my view, uses terms like "had enough time for a change" instead of simply "vote against" or "reject," my point being that you use language which I think may apply in another district or simply at the Supreme Court level.

Ms. CARLSON. At the risk of trying to be a counsel, let me just at least attempt to answer.

Mr. FAZIO. Go ahead. I am sure you could have been if you wanted.

Ms. CARLSON. I did not want to be.

Buckley v. *Valeo* has this terminology. *Massachusetts Citizens for Life*, which is also an appeals court decision, I believe the language that you are referring to was only upheld by one district court and that was the *FEC* v. *Furgatch* case.

Mr. FAZIO. Right.

Ms. CARLSON. That is an isolated case, as far as we can tell.

Mr. FAZIO. How many other decisions are you referring to? You have *Massachusetts Right to Life*. I guess there is the *Virginia Christian Coalition or Christian Action*.

The CHAIRMAN. Actually, I will turn it over to the counselor to recite the cases.

Mr. FAZIO. Certainly there is a report here that may come up later as part of the amendments.

Mr. BUHLER. The most recent case is the *Maine Right to Life* case in which the district court invalidated the Federal Election Commission regulations which seek to go beyond the specific words test outlined in *Buckley* v. *Valeo*. Other cases where the courts have followed the *Buckley* and *Massachusetts Citizens for Life* rationale include the *Christian Action* case that you discussed.

Mr. FAZIO. How many circuit court opinions do we have outstanding?

Mr. BUHLER. Well, the Massachusetts—excuse me, the *Maine Right to Life* case is on appeal, but the wording——

Mr. FAZIO. Appeal to the Supreme Court?

Mr. BUHLER. Yes, that is correct. But the wording in *Buckley* is quite clear. The *Buckley*—in the *Buckley* court, the opinion—and I am quoting from the opinion, if that would be okay—quote, "No speaker in such circumstances could safely assume that anything he might say on the general subject would not be understood by some as an invitation." And that refers to the confusion that might occur should the court try to define "express advocacy" in any terms other than the specific words used in the *Buckley* case.

Mr. FAZIO. I am in Stacy's category as a nonlawyer, but I understand that the *Furgatch* decision of the Ninth Circuit that she referred to was not heard by the Supreme Court. They refused to take that case, leaving it as standing law; in effect, modifying the *Buckley* v. *Valeo* by taking that action.

Mr. BUHLER. Well, the *Furgatch*—the *Furgatch* court sought to broaden the definition that was outlined in the *Buckley* case. Other district courts have taken precisely the opposite position, and in the most recent case the Colorado Supreme Court did not deal with the express advocacy issue.

Mr. FAZIO. Right.

Mr. BUHLER. The reasoning in the *Buckley* court still stands, and that reasoning is its specific words. It has never been overturned by the Supreme Court.

The CHAIRMAN. The court has spoken in terms of the use of the words. There are differing opinions. The preponderance of the district court opinions are on the side of the specific words.

The gentleman can cite a district court which goes beyond in terms of an expansion of the very narrow terms on express advocacy, but we believe the Court's position—and we discussed this and the gentleman obviously discussed it on his side as well and made decisions—is in a state of flux, moving back more to the di-

rection of *Buckley* rather than away from it. Rather than trying to anticipate where the Court was going to go, we simply choose the current Court's position. Obviously, if the Court chooses to redefine the structure, this section would be redefined.

Mr. FAZIO. I would simply say if the Court had wanted to affirm its *Buckley* v. *Valeo* language, it would have taken up the *Furgatch* decision of the Ninth Circuit and reversed it. My sense is that what we should do, simply, is enter into the vacuum that the Court's confusion has created and legislate in an area that would perhaps resolve these points.

The CHAIRMAN. My understanding is that the gentleman's substitute does that and it will be made in order.

Mr. FAZIO. Thank you.

The CHAIRMAN. We chose not to anticipate the Court.

For the sake of time, if you want to, rather than going into any detailed explanation, you might cite the section, ask if there are any questions, provide a brief explanation, and then move on?

Mr. FAZIO. Let's keep going. I think we can make progress.

Ms. CARLSON. Section 108 requires affirmative annual renewal of payroll deductions for contributions to Political Action Committees.

Mr. FAZIO. You say annual? That is the change?

Ms. CARLSON. The change——

Mr. FAZIO. The current law doesn't require annual.

Ms. CARLSON. Correct.

Mr. FAZIO. It allows it to be done——

Ms. CARLSON. Once you do it——

Mr. FAZIO [continuing]. And periodically updated at the discretion of the employee?

Ms. CARLSON. Correct. This would require an annual reaffirmation that you would want to have money deducted from your wages for contributions.

The CHAIRMAN. Corporations and unions.

Ms. CARLSON. Title II, strengthening political parties. Section 201, to modify political party contribution limits and requirements; Section 202, to allow political parties to offset incumbent carryover funds; Section 203, prohibits the use of non-Federal funds in Federal elections; Section 204, permit political parties to have unlimited contact with members; Section 205, strengthen party and grass-roots activities.

Mr. FAZIO. Of course, I have a number of questions that perhaps would come to mind. Can I?

The CHAIRMAN. Sure.

Mr. FAZIO. On modification of contribution limits, is there any limit on how many State parties an individual can contribute to?

You know, I think we all assume that people would normally contribute only to the State they live in, but there obviously are some very wealthy individuals who look forward to influencing elections everywhere. We all know how Presidential campaigns have become adept at getting State parties involved in their own causes, and therefore we have people in both parties who might wish to influence the process on a far greater basis.

Does this permit people to go into every State and make an equal contribution?

Ms. CARLSON. It does, on the principle that parties should be strengthened and that the party's activities in elections is a noncorrupt influence, it would allow that.

Mr. FAZIO. Is there any provision that prevents an individual from giving to every State party? In other words, they could give the max if they won.

Ms. CARLSON. No.

Mr. FAZIO. There is no limit on what they could give?

Ms. CARLSON. Not if they give it to a party.

Mr. FAZIO. So they could max every one?

Ms. CARLSON. Correct.

Mr. FAZIO. Do you have some feel for what that may do in terms of creating additional contributor ability amount to, in terms of, you know—let's think—what would be the most anyone could give, just for an example?

Ms. CARLSON. 50 States, roughly $50,000 per State. What is that?

Mr. FAZIO. Plus D.C., Puerto Rico, and others, I suppose?

Ms. CARLSON. Correct.

Mr. FAZIO. That would be a massive increase, moving into the realm of several million dollars.

Ms. CARLSON. Yes.

Mr. FAZIO. Okay. I am just looking for clarification.

The CHAIRMAN. The fine print doesn't exclude the Democratic Party from participating.

Ms. CARLSON. No, it does not.

Mr. FAZIO. Incumbent carryover?

Ms. CARLSON. Uh-huh.

Mr. FAZIO. You would allow the party to make up any difference that a challenger might experience if an incumbent carries over?

Ms. CARLSON. It is not making up the difference. The amount that an incumbent carries over after the previous election, the party may match that up to that amount. So if you——

Mr. FAZIO. So if somebody files and wins the nomination, I assume——

The CHAIRMAN. Yes.

Ms. CARLSON. Correct, in the general election this occurs. You must be the nominee.

Mr. FAZIO. And you would be in receipt of whatever amount of money his or her opponent may have carried over from the last election assuming the party has it to give?

Ms. CARLSON. Correct.

Mr. FAZIO. So an incumbent advantage, as we would perhaps describe it today, is immediately wiped out? No matter who you are, you are on even turf. And is that money counted as part of the——

The CHAIRMAN. No.

Mr. FAZIO [continuing]. District giving?

Ms. CARLSON. It does not count against the party contribution limits, the limit to what a party may give a candidate.

Mr. FAZIO. It doesn't count against that?

The CHAIRMAN. That wasn't his question. Under Title I, Section 8, there is an allocation rule which is a 50/50 rule for money that comes in to either matching incumbent's carryover or to offset wealthy candidates. So it would come in as a 50/50 match.

Ms. CARLSON. Right.

Mr. FAZIO. But the party money is available not automatically, obviously. There is no public financing here. The party has to have raised it and have it available to contribute. If they don't have it, the candidate continues to operate at a disadvantage versus the incumbent; is that correct?

Ms. CARLSON. If the incumbent has a large carryover.

Mr. FAZIO. Yeah. On 203, I am concerned about the non-Federal issue here in general. I am trying to find out exactly what we mean. I think we are kind of used to dealing with so-called soft money, non-Federal money, in current terms.

Restrictions on funds for mixed activity, could you indicate what "mixed activity" we are talking about? How is that defined by your bill?

The CHAIRMAN. Can I give you a shorthand way and then if you want a greater explanation you can?

Mr. FAZIO. Sure.

The CHAIRMAN. Under current law, soft money and hard money are basically labor union terms which have moved into the structure.

Mr. FAZIO. Yes.

The CHAIRMAN. And we prefer Federal and non-Federal. Under current law, whenever you carry on a party activity which mixes local parties that can use corporate money in the Federal party, there is an allocation rule that determines how that money might be spent.

Mr. FAZIO. That is done by the FEC in light of who is going to go on the ballot.

The CHAIRMAN. Correct. There are allocation procedures.

Mr. FAZIO. Yes.

The CHAIRMAN. What we basically say is that any time the Federal party is involved on an express advocacy aspect of involvement on any shared activity, all of that has to be Federal dollars—or, in your terminology, hard dollars, notwithstanding any current practice that might allow some soft dollar usage in that area. So we do have a Federal structure which requires, in your terminology, hard dollars all along the line, where now it might, in fact, allow the use of soft money.

Mr. FAZIO. So, in other words, money that would come from a treasury of a labor union or corporate funds could now be used without having to be mixed with individual dollars coming from individuals or PACs which have taken them from individuals, for voter registration, absentee ballot programs, GOTV?

Ms. CARLSON. No, it is the other way around.

The CHAIRMAN. It is exactly the other way around.

Ms. CARLSON. Non-Federal funds may not be used for those activities, voter registration, get out the vote.

Mr. FAZIO. So those have to be permanently PAC or so-called hard dollars?

Ms. CARLSON. It must be Federal dollars.

Mr. FAZIO. Hard dollars?

Ms. CARLSON. Federal dollars.

Mr. FAZIO. What about other kinds of activity, though, that I didn't name, voter registration, absentee ballot?

Ms. CARLSON. If I can read the section of the bill to you.

Mr. FAZIO. Yes.

Ms. CARLSON. Mixed activity means any activity which is both for the purpose of influencing an election for Federal office and for any purpose unrelated to influencing an election for Federal office, including voter registration, absentee ballot programs and get out the vote programs. That does not include payment of administrative or overhead costs, but the actual programs are prohibited with non-Federal funds.

Mr. FAZIO. Is it correct to say the only limitation of non-Federal funds in this section, and the difference from current law, would be a national party committee couldn't contribute non-Federal funds to participate in this so-called mixed activity?

The CHAIRMAN. In the national party committees share of the activities dealing with Federal candidates on an express advocacy basis.

Ms. CARLSON. I didn't understand the question.

Mr. FAZIO. I am not going through the express advocacy issue here.

Ms. CARLSON. I am sorry. If you could restate the question.

Mr. FAZIO. I am talking about voter registration again, for example.

Ms. CARLSON. Voter registration conducted by a national party for influencing a Federal election must be—you must use Federal dollars.

Mr. FAZIO. What about State and local parties working together with a Federal party?

Ms. CARLSON. It is based on the allocation, which is the current law. That portion which affects Federal elections must—you must utilize Federal dollars.

Mr. FAZIO. What about transferability among them? Isn't it also true that all party committees have the ability to transfer on——

Ms. CARLSON. Under current law.

Mr. FAZIO [continuing]. Sums of Federal and non-Federal funds?

Ms. CARLSON. Under current law both parties are able to do that and we do not change that. But influencing a Federal election you must use Federal funds, so in a State slate you would have to use Federal funds for that portion that was Federal.

Mr. FAZIO. So the transferability doesn't change the kind of money that needs to be spent if I were——

Ms. CARLSON. We don't change current law on transferability. Current law allows transfers from the national party to the State and we don't change that.

Mr. FAZIO. And vice versa?

Ms. CARLSON. From the State to the national party?

Mr. BUHLER. Transferability is——

Ms. CARLSON. Both ways.

Mr. BUHLER [continuing]. Open.

Mr. FAZIO. Open among all?

Ms. CARLSON. Under current law.

The CHAIRMAN. I will tell the gentleman the purpose of this provison is that there has been, I think to a degree, some legitimate criticism about soft dollars involving themselves as replacement dollars on direct Federal activities. What this basically does

is draw a bright line, that when the Federal party involves—or the national party involves itself in Federal activities they use hard dollars. When they are not Federal activities, then the non-Federal dollars can be utilized. And it does not allow for the national party to be a commitment in change from time to time as to whether it is hard dollars or soft dollars.

Mr. FAZIO. Okay. Can I go on to the next one?

This one permits parties, it says, to have unlimited communication with its members.

The CHAIRMAN. What section are you on?

Ms. CARLSON. Section 204.

Mr. FAZIO. It seems to provide for one of four tests as to what defines a member and it would allow the party to spend what we call non-Federal dollars to communicate.

Ms. CARLSON. Only if the communication does not include to express advocacy.

Mr. FAZIO. So, in other words, you could mail to every registered member of your party on a monthly basis information about the incumbent in the other party who you wish to defeat at the next election?

Ms. CARLSON. If you expressly advocate their defeat, you could do so, but it would come from hard dollars.

Mr. FAZIO. I am saying you could monthly spend soft dollars, so-called softening up dollars in this case, on a 24-month basis or maybe 18, whatever would be relevant to an election cycle, you know, handing out information as to the candidates or the pending candidate, incumbent foibles, missed votes, whatever, this is a way of basically—under current law you would have to spend the—the Member would—the candidate who runs against the incumbent would be required to somehow be participating in that, wouldn't that be correct?

The CHAIRMAN. Would the gentleman yield? I am trying to understand his point.

Mr. FAZIO. I am trying to understand what is opening up here.

The CHAIRMAN. Are you saying now the political parties would be able to carry on communications only with its members similar to labor unions, as we have seen with the current non-express advocacy advertisements? Is that basically what you are saying?

Mr. FAZIO. What I am concerned about is that we would make it very easy for hard dollars to be replaced with soft dollars in the conduct of elections, where people who are running for office——

The CHAIRMAN. No. The answer is, no.

Mr. FAZIO. But I still think we have opened up a broad opportunity here for parties with soft dollars to spend a lot of money campaigning against incumbents who will only be able to use hard dollars to defend themselves.

Now, you don't have to expressly advocate anybody's defeat to spend a good deal of time putting them in a very bad defensive position.

Mr. BOEHNER. Don't worry. We don't.

The CHAIRMAN. Basically, parties are kind of like labor unions in communicating with their members in this regard? Because we tried to make parties, corporations and labor unions equal in communication with their members, not openly over the media.

Mr. FAZIO. You know, it seems to me that people who voluntarily associate with a union, for example, are in a much different position than members of the public who happen to exercise their right to vote.

The CHAIRMAN. No. We are not talking about members of the public. We are talking about people who through these four tests, and if you look at the tests, voluntarily affiliate themselves with the party. There should be no difference in that way.

Mr. FAZIO. Are there requirements that one of these suffice to define them as members of a party or four?

Ms. CARLSON. Correct, if any—if any of them apply——

Mr. FAZIO. I am saying if you are registered to vote you become a member of a party.

Ms. CARLSON. Correct, and the party——

The CHAIRMAN. No, no. When you register to vote you don't become a member of a party unless you choose to be on the ballot as a particular party member. You can register, or decline to state. You can register any number of ways, as you recall, in California.

Mr. FAZIO. But if you register as a member of a party you are thereby defining yourself as someone who can then begin to receive mountains of mail from the party that you register as.

The CHAIRMAN. If you designate yourself as a member of that party, it is just like voluntarily joining a union. You are right. It is voluntary choice.

Mr. FAZIO. It seems to me if you wish to contribute to your party with Federal dollars maybe that should define you as someone who could receive mail, but this is a very open-ended provision.

Ms. CARLSON. It is in the title called strengthening political parties with the hope that parties' communications with their members is a good influence in Federal elections.

The CHAIRMAN. The gentleman understands the section.

Mr. EHLERS. If the gentleman will yield?

Mr. FAZIO. Yes, I would be happy to yield.

Mr. EHLERS. I would point out a number of States do not have registration by party when you vote. In Michigan, in fact, we instituted if only a few years ago, because the Democrats refused to honor a Presidential primary unless we did so; we did so and there was such a storm of protest from the citizenry that we repealed that law and once again we do not have party registration. So the Democrats——

Mr. FAZIO. So you don't have to worry about this in Michigan?

Mr. EHLERS. Absolutely not, and there is a good many States who do it that way.

Mr. FAZIO. I think this might once again give the people an incentive to change the law again because it certainly would shorten the hard dollar money chase by letting soft money, in effect, take care of party base building, leaving the candidate with an even smaller problem to deal with in terms of nonpartisan registered Democrats, whatever it might be in this case, to spend his hard dollars on.

Ms. CARLSON. I think the findings also speak to this, where we talk about the diminished role if parties and the importance of parties in selecting candidates and advancing broad national issues.

Mr. FAZIO. Right. Well, I might be able to understand this if the four points that you used to test were required, all four, to define a party member. But if it is simply going in and registering so you could be relevant in a party primary, it opens it up to a gaping loophole. I think that would probably cover it.

The CHAIRMAN. Okay.

Ms. CARLSON. Okay.

The CHAIRMAN. Going to Title III.

Ms. CARLSON. Title III.

Mr. GEJDENSON. Mr. Chairman, I apologize for being argumentative on some of the issues I raised earlier. I am still trying to figure out the difference between that argumentative situation and what has followed in the last half hour or so.

The CHAIRMAN. The Chair is here to help you.

Mr. GEJDENSON. That is good.

Ms. CARLSON. Title III, Section 301, number A, last minute contributions of $1,000 and independent expenditures must be reported within 24 hours instead of the current law, which requires 48 hours.

Item B, increases electronic disclosure; requires the FEC, within 24 hours of receipt of last minute contribution report, to post all of these reports on the FEC Internet web site and to have reports publicly available at the FEC.

C, change reporting cycle to election cycle basis, to require that totals be aggregated on an election cycle, rather than a calendar-year, basis.

D, clarifies that FEC must allow last minute reports be filed via facsimile machines.

E, clarifies that to meet reporting requirements, last minute independent expenditure reports must be filed at FEC as of deadline, rather than current law which states that these reports must be "reported," and that doesn't require actual receipt.

F, require campaign committees to report the name, address of any person to whom a secondary payment of $500 is made, including the date, amount and purpose of a payment. A secondary payment is a payment made by the intermediary for the benefit of the campaign.

G, adds reporting of certain per election totals requiring aggregate contribution and expenditures through election be reported.

H, adds reporting of itemized per election aggregates of individual contributors.

Section 302, A, requires the FEC to draft regulations in a manner that has the least restrictive effect on first amendment rights of freedom of speech and assembly, and allows a reviewing court to aside actions that do not conform to these principles.

B, permits the FEC to issue written responses to written questions where the law is unambiguous and provides "safe harbor protection" for a questioner who acts in good faith, relying upon the written response.

C, allows a respondent to a complaint to request the right to present an oral argument before the FEC.

D, requires the FEC to compile, publish and regularly update a complete index of advisory opinions.

E, changes the wording of FEC initiation of actions.

F, calculates the aggregate limit on contributions by individuals by the calendar year.

Letter G, deletes statutory requirements to report voting age population by congressional district.

H, clarifies the treatment of commercial loans.

The CHAIRMAN. On G, the only reason the provision is in there, in case anybody wonders, is that the Commerce Department has not done this for several years.

Ms. CARLSON. Right. Right. And I haven't indicated that a number of these are provisions that were requested by the FEC.

The CHAIRMAN. That was one of them, I think.

Ms. CARLSON. Yes, it was.

Number I, also an FEC request, deletes the reference as FEC ex officio member of the Clerk of the House.

J, allows FEC waivers of certain reports. The FEC must agree unanimously to that waiver.

K, permits corporations to communicate with any officers or employees of the corporation versus current restrictions on communicating only with executive or administrative personnel.

L, permits unlimited solicitation for contributions by corporations and labor organizations and increases the threshold for confidentiality of contributions from $50 to $100.

M, broadens protection against use of force, discrimination, financial reprisals or threats to coerce contributions for candidate committees, in addition to the current protection against coercion for PAC contributions. An FEC request.

N, revises the FEC complaint procedure.

O, requires stronger disclaimer language to accompany external complaints.

P, bans acceptance of cash of $100 cash contributions.

The CHAIRMAN. That is FEC, isn't it?

Ms. CARLSON. That is an FEC request.

And Q, revises the employment procedure for the FEC staff director and general counsel.

R, eliminates the requirement that grassroot citizens' activity with a value of $100 or less on behalf of a Federal candidate be reported.

S, permits partnerships to solicit payment of administrative costs in the same manner as unions and corporations do.

Title IV, Section 401, the effective date is January 1st, 1997.

Section 402, severability. This bill has a general severability clause. If any provision is struck down, the remaining provisions will survive.

Section 403 provides for an expedited court review procedure if any of the provisions are challenged on constitutional grounds.

The CHAIRMAN. Any questions on any of those particular ones?

Mr. FAZIO. Mr. Chairman, on the timely reporting and increased disclosure, I think there is a great deal of commonality there. We are interested in much the same thing, but I have concerns about feasibility, workability. Obviously, we have a pattern of underfunding the FEC from our perspective, so giving them all of these responsibilities and not the wherewithal to do it may be a cruel fate for them. But let's assume we are going to do that down the road.

Are we talking about an effective date for filing reports that is received by the FEC rather than the date it is postmarked as in current law?

Ms. CARLSON. I would defer because that is a legal—this is just a legal provision.

Mr. FAZIO. This is an important issue, though, in terms of really public access through rapid disclosure of information.

Mr. BUHLER. Yes. For the last-minute reports, we are talking about a deadline of having the report received. And the important factor to consider here is that technology has advanced so much since the original 1974 act, it is now possible, both through fax communication and through other electronic means, for that process to take place much quicker than it would have been in 1974.

Mr. FAZIO. Well, I understand we have made some progress here, but it seems to me we are still facing a very heavy workload in a very short time frame. Twenty days or so, prior to an election, the place is going to be overwhelmed with data flowing in. How are we going to handle that kind of a problem?

Ms. CARLSON. Our change here is to change it from 48 to 24 hours. The same information is required, you really just have that extra 24 hours the day before the election where you are reporting things that you wouldn't otherwise be reporting under current law.

Mr. FAZIO. There is a lot more data entry involved in putting things on the Internet, getting the information from the fax machine, if you will, to the point where it is available to the public. I mean, it is a worthy goal. I question the workability of the—certainly given the current budget atmosphere and the fact that the public information side of the FEC has particularly come under attack from those who really are out to get the institution. They are the ones who are being cut back, and under this condition they will——

The CHAIRMAN. The gentleman from Connecticut is concerned that I have not told the gentleman from California he is moving into the argumentative area.

Mr. GEJDENSON. Actually, the gentleman from Connecticut was concerned that the Chairman was moving into the argumentative area. I don't mind when the Ranking Member goes into the argumentative area.

Mr. FAZIO. And I apologize to both of you, but, you know, I really did have some concerns about how this would work, let alone—I mean, the goals are worthy.

Ms. CARLSON. Uh-huh.

The CHAIRMAN. And we share your concerns, and we have watched the FEC in action on the 48-hour rule. And with the abilities of communications today, we don't believe it is a hardship whatsoever to move it to 24 hours.

Mr. FAZIO. Is there any precedent for requiring a staff director, general counsel, anyone in an administrative position with a regulatory agency like the FEC to have term limits? It seems a little bit as if we are targeting people who we are unhappy with here. I am wondering what is the premise upon which we build this argument.

The CHAIRMAN. I will respond to that rather than the staff. The premise is that you have term limits on commissioners, and there

are no term limits on the staff. It simply indicates that staff needs to have the support of a majority of the commissioners. If they have a majority of the commissioners' support, then they are retained. It is just that there is now no provision to review, and we do have periodic change on a partisan basis, and it seems to me that when a majority is unhappy on a bipartisan basis, there ought to be an opportunity for periodic review. The Commissioners can certainly say, continue, you are doing a fine job.

Mr. FAZIO. So they are limited, unless they have a majority. Is there any precedent for that in any area of——

The CHAIRMAN. If there isn't, there certainly should be, and we can certainly start it with this.

Ms. CARLSON. Start a new trend.

Mr. FAZIO. Thank you, Mr. Chairman. I think there isn't, but that may be——

The CHAIRMAN. Any additional questions?

Ms. CARLSON. I think staff directors have term limits every 2 years.

Mr. FAZIO. Like sunset.

The CHAIRMAN. As we indicated, in terms of our agreement, the bill is before us, and we can either move by title, or we can make it amendable at any point you offer the amendment. Just let us know which one you have, and if you have copies, we can look at it, and we will proceed.

Mr. GEJDENSON. Mr. Chairman.

The CHAIRMAN. The gentleman from Connecticut.

Mr. GEJDENSON. Mr. Chairman, am I recognized at this point for 5 minutes under the normal order of things.

The CHAIRMAN. Do you have an amendment?

Mr. GEJDENSON. Yes. Mr. Chairman, I have an amendment, or I would like to comment on the bill as it exists. Do I have to offer both or can I simply speak on the bill? Is there no provision for speaking on the bill?

The CHAIRMAN. You can speak on the bill.

Mr. GEJDENSON. Thank you. My goal at this moment would be to speak on the bill then.

The CHAIRMAN. You can speak on the bill.

Mr. GEJDENSON. Thank you.

The CHAIRMAN. The gentleman has no amendment?

Mr. GEJDENSON. Not at this point.

The CHAIRMAN. Go ahead.

Mr. GEJDENSON. Thank you, Mr. Chairman.

It seems to me that, you know, what we have here is an outrageous leap backwards and by no stretch of anybody's imagination could the title "reform" be placed on this legislation; and some of my frustration here today with the discussion of the details of the provisions simply goes to this observation:

If you believe that this piece of legislation that the Chairman has introduced is necessary and there are a number of groups who have written to this committee—I would like to put this letter into the record from Common Cause, the Women's League for Conservation, Friends of the Earth, Gray Panthers, there are a dozen of them.

But the bottom line in the bill is this bill does far more damage than good. And how does it do damage? To believe that this bill is

necessary, you would have to believe the proposition that wealthy, powerful people in society have not enough influence in this Capital because everything this piece of legislation does increases the power of wealth and of wealthy individuals. You need only look at the basic actions taken on contributions.

Individuals would now be able to give $2,500. We know, of course, this would only help one category of people: wealthy individuals. Poor people are having a hard time paying their bills, taking care of their children. They are not giving $1,000; they sure can't give $2,500.

We are empowering rich people who already have too much power. Individual aggregate to the Federal candidates will now go from $25,000 to $72,500. Now, who are we helping here?

I can see it now. People in the suburbs, poor people, trying to pull together their $72,000 out of their personal income to help Federal candidates. This is reform? We are going to make sure that billionaires have more access to the political process. In this bill there are no aggregate limits to non-federal candidates as exist in current law; if the $20,000 that the average working family can now give to a national party is not sufficient, this bill will allow them to give $58,000 to each political party. Amounts individuals can give to State parties goes from $5,000 to $58,000.

Now, you might be able to argue that I have misinterpreted the inflation factor. It might be $57,000, it could even be $55,000, but what it fundamentally does in this piece of legislation, over and over and over again, is turn over the political system to wealthy, powerful individuals and shut off the voice of the poor.

When you take a look at how we aggregate what percentage of your funds have to come from district, you have to have all your funds from in district if you are poor. If you are wealthy, of course, you know, you get your handful of $2,500 in district and you have got 50 percent of the money and then you can get the rest of the money anywhere you want.

As we go through the list, in every action taken by this legislation, in some places, the limits are now infinity. We go from zero to unlimited amounts of individual action and party action. What we fundamentally do is take a system that has been difficult to reform as a result of the courts' decisions on free speech—tough areas to deal with, without any question, how to restrict independent expenditures, how to restrict the abuses in the system without interfering with an individual's right to express himself on an issue.

But no one who has seriously looked at this issue believes that the problem with the American political system is that the wealthiest, most powerful people in the country don't have enough access to power, don't have enough ability to involve themselves in the system a lot. This bill primarily turns the democratic process over to billionaires and millionaires and shuts out everybody else.

It is outrageous that we have this before us today.

The CHAIRMAN. Are there any amendments?

Mr. FAZIO. I have an amendment I would like to offer.

The CHAIRMAN. The gentleman is recognized for the purpose of offering an amendment. Does he have copies?

Mr. FAZIO. Are we having these copies distributed?

The CHAIRMAN. I hope so.

Mr. FAZIO. Mr. Chairman——

The CHAIRMAN. The gentleman will suspend until the amendment has been distributed.

Ms. CARLSON. The amendments are numbered. The amendments are numbered, so it might be helpful.

Mr. FAZIO. I am going in order at the moment.

Ms. CARLSON. Okay.

The CHAIRMAN. Does that mean you have amendment number 1?

Mr. FAZIO. This would be what we call it.

The CHAIRMAN. The gentleman may proceed.

Mr. FAZIO. This amendment goes to a point that we began discussing awhile back when we were arguing about arcane courts of appeal decisions. I apologize to anyone listening, but it really is an attempt to maximize the regulation of what independent expenditures currently constitute, including much of what now passes as express advocacy. It codifies the definition of independent expenditures set forth in that 1987 decision, the *Furgatch* decision. This was a fairly broad, but I think in context of what is happening in the real world out there, a very proper definition of what, in fact, is currently express advocacy.

We do have some differences among the courts that have taken a look at this. The Supreme Court, I believe, will have to deal with this. But it seems to me much more appropriate for the legislative branch to express itself. We think that to simply limit to so-called magic words like "vote for" or "against," "reject," "defeat," we are in many ways overlooking opportunities to far more adequately disclose to the general public where money today in politics is flowing with great regularity and in ever-increasing amounts.

This language that I am offering is taken directly from the McCain-Feingold Senate bill, and while I am certainly not here as an advocate of that legislation, it seems to me this is a well-thought-out approach which has obtained broad support. I consider it really the codification of existing law, law that has stood up for 10 years in the Ninth Circuit, which obviously includes our home State of California. It is a realistic definition of express advocacy. It recognizes that advertisements don't have to mention a candidate by name in order to be directed toward that candidate.

By contrast, I am afraid the Republican definition of express advocacy is probably the narrowest possible. I don't see it as a broad consensus choice, as counsel has indicated he considers it. It would, I believe, increase the amount of unregulated political spending that goes on. I think it creates a huge loophole. As long as you avoid using those so-called magic words that I have indicated are often not even the choice of campaign consultants when they want to attack a candidate, defeat a candidate, you can spend as much as you want without any limit or disclosure. I think that is really where the American people would have no difference of opinion.

Disclosure is really where I am going. I think your bill opens a massive, unregulated avenue for further negative campaigns. I think the *Furgatch* decision language goes a long way toward giving the public much more information about who is out there today in total secrecy, contributing a great deal of money; we don't know whether it is personal or corporate or what have you, to the con-

duct—to the effect on campaigns. And I would certainly hope you would consider reaching some sort of consensus on this kind of issue, quite apart from our differences on the broader legislation before us.

The CHAIRMAN. Is the gentleman's amendment amending Section 107?

Mr. FAZIO. Section 107, clarification of definitions relating to independent expenditures.

The CHAIRMAN. And the gentleman failed to mention that the amendment also strikes expenditures by political parties as independent as recently upheld in the Supreme Court case of *Colorado* v. *Republican Party.* You are aware of that?

Mr. FAZIO. Well, I did not mention that.

The CHAIRMAN. No, no. I just want to make sure that you are aware of it because what you do then is, in this amendment, strike down the most recent Supreme Court opinion in favor of free speech.

Mr. FAZIO. Mr. Chairman, would you want us to correct that so there wouldn't be any doubt that we weren't attempting to reject the Court's reasoning?

The CHAIRMAN. It is the gentleman's amendment. I was trying to understand it, and I wanted clarification on that point.

Mr. FAZIO. We will strike that line so that we wouldn't raise that issue.

The CHAIRMAN. Those are lines 18 and 19. Can we start with line 1 and move through?

Mr. FAZIO. No. I would go along with that, Mr. Chairman, 18 and 19.

The CHAIRMAN. Does the gentleman wish to amend his amendment?

Mr. FAZIO. With unanimous consent, I would like to do that.

The CHAIRMAN. Okay. So we are not now overturning the recent Supreme Court decision of *Colorado*?

Mr. FAZIO. No, we are trying to affirm a district court decision that I think the ultimate decision of the Supreme Court would end up agreeing with.

The CHAIRMAN. All right. I would tell you why I think we probably ought to stay where we are, notwithstanding the *Furgatch* decision, which you are quite right has not been carried to the Supreme Court. However, we have in front of, or at least the FEC is currently appealing, I believe to the Supreme Court, a decision of *Foucher* v. *FEC,* which deals specifically with the content of the gentleman's amendment; and that is the FEC, in essence the Ninth Circuit position that the gentleman is espousing in this amendment, and made it FEC policy, and then said that the Christian Action Network or the Maine Right to Life committee was, in fact, express advocacy.

By that broader definition—and they were struck down—we are awaiting the Supreme Court to go back and reaffirm its *Buckley* position, or to in fact say, yes, we believe it is the broader terminology, notwithstanding the fact that the *Buckley* court said, no speaker in the circumstances you are trying to create by this amendment would safely assume that anything they say is not subject to at-

tack, *Bright Line* v. *Read* as a whole, with limited reference to external events which is, in fact, the *Furgatch* decision.

We rejected that when we were looking at models for independent express advocacy and expenditures. We believe that a fundamental First Amendment right needs to be protected as much as possible. Specific actions are the most defensible position; that is, in fact, where the Court is currently, and I would be in opposition to your amendment.

Mr. FAZIO. Mr. Chairman, in response, let me simply say I think we all understand that we have the power to legislate. There is ample precedent for choosing the approach we have versus the much more limited so-called "bright line" that you have chosen. It simply seems to me we ought to debate the merits of whether this sort of spending should remain below the surface of American political discourse.

Disclosure is a minimal requirement in the direction of reform. I am wondering why on the merits the gentleman and apparently those he serves with on this committee do not believe we ought to be giving the public this kind of information. This is becoming an increasingly large source of money. Some have said we may be fighting the last war here in debating the traditional campaign reform bill the Farr bill or Thomas bill sort of symbolizes.

What is really happening out there is the amount of speech that occurs as a result of Federal dollars being spent is minimal compared to the huge amounts that are being contributed all across the ideological spectrum, left to right, to influence public opinion.

I just think if we do not face some of these questions, we are really overlooking where the real crisis in our electorial system is. We are really ignoring where most of the public concern is growing and concentrating on our little relatively now small amount of Federal dollars being contributed by individuals or PACs.

The CHAIRMAN. Any additional comments?

The vote is on the amendment.

All those in favor say aye.

Those opposed?

The amendment is not agreed to.

Mr. FAZIO. I don't know that we need to have a roll call. I think it is pretty obvious we were broken on party lines here.

I have another amendment which would go to the issue of disclosure of funding sources for issue advocacy campaigns. Much of what I have said would apply to this as well.

The corporation, labor organization, or nonprofit organization would be required to report to the FEC any payment made for an election-related communication or activity that is not currently regulated as a contribution or an independent expenditure. The amendment only applies to Federal elections.

Again, the precedent for this is not something we have just cooked up. It was the Republican campaign finance bill from the 103rd Congress that included this language. We think it will reduce the influence of special interests by forcing them to disclose publicly where they get the money that they spend on their issue advocacy campaigns.

I will not go on and repeat much of what I have said, but we don't think it limits anybody's speech. Disclosure should not be in-

timidating to people who want to participate in the political process. We think the American people should know who is really paying for the advertisement.

Since this is language that you have sponsored, we cannot imagine that you would have any problem with it, and we are hoping that you would reconsider and perhaps include it in the language of this legislation.

The CHAIRMAN. To respond briefly to the gentleman, there are a number of items in our earlier legislation that we took a much closer look at and decided to err on the side of the Constitution. One of them was banning PACs, and we decided that rather than move that decision to the court, since we believe under the First Amendment right of assembly that, in fact, people could congregate together, we chose not to eliminate PACs. That was a provision in the 103rd Congress, and we changed it to support the Constitution.

We believe this amendment goes in large part directly to that same position. I will not reiterate the arguments of very specific language. When you have language like "election-related," this is clearly overly broad, vague, and subject to constitutional challenge. What we tried to do was, once again, if we are going to err, we are going to err on the side of supporting people's constitutional rights under the First Amendment.

Any additional comments?

Mr. FAZIO. You have rethought the amendment and believed you were wrong in the first instance?

The CHAIRMAN. On PACs, we rethought the language we had the first time and we believe again it is constitutionally vague. We didn't carry through with it, both in terms of supporting PACs and in terms of more specific language. We believe it moves in the direction of supporting the First Amendment, and that is where we are in both instances. Therefore, we oppose your amendment.

Mr. FAZIO. We are not arguing with you on your decision of PACs. Obviously. We might as well go to a vote. I have perhaps an improvement on the Republican language in the last Congress that might help you reach a different conclusion. Let's vote on this one and see whether we might modify it.

The CHAIRMAN. All right.

All those in favor of the gentleman's current version of modification say aye?

Those opposed?

In the opinion of the Chair, the noes have it.

Mr. GEJDENSON. Mr. Chairman, I would like a recorded vote on that.

The CHAIRMAN. The gentleman requests a recorded vote. The clerk will call the role.

The CLERK. Mr. Ehlers.

Mr. EHLERS. No.

The CLERK. Mr. Roberts.

Mr. ROBERTS. No.

The CLERK. Mr. Boehner.

Mr. BOEHNER. No.

The CLERK. Ms. Dunn.

[No response.]

The CLERK. Mr. Diaz-Balart.

Mr. DIAZ-BALART. No.
The CLERK. Mr. Ney.
Mr. NEY. No.
The CLERK. Mr. Fazio.
Mr. FAZIO. Aye.
The CLERK. Mr. Gejdenson.
Mr. GEJDENSON. Aye.
The CLERK. Mr. Hoyer.
Mr. HOYER. Aye.
The CLERK. Mr. Jefferson.
[No response.]
The CLERK. Mr. Pastor.
Mr. PASTOR. Aye.
The CLERK. Mr. Thomas.
The CHAIRMAN. No.
Will the clerk announce the results?
The CLERK. Four ayes, Six noes.
The CHAIRMAN. There being four ayes, six noes, the amendment fails.
[Amendment offered by Mr. Fazio follows:]

F:\P4\CFR96\DEM\INDEP.002 H.L.C.
Independent expenditures

(1)

AMENDMENT TO H.R. 3760
OFFERED BY MR. FAZIO

Strike section 107 and insert the following (and conform the table of contents accordingly):

SEC. 107. CLARIFICATION OF DEFINITIONS RELATING TO INDEPENDENT EXPENDITURES.

(a) INDEPENDENT EXPENDITURE DEFINITION AMENDMENT.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraphs (17) and (18) and inserting the following:

"(17)(A) The term 'independent expenditure' means an expenditure that—

"(i) contains express advocacy; and

"(ii) is made without the participation or cooperation of and without consultation with a candidate or a candidate's representative.

"(B) The following shall not be considered an independent expenditure:

"(i) An expenditure made by—

"(I) an authorized committee of a candidate for Federal office, or

"~~(II) a political committee of a political party.~~

"(ii) An expenditure if there is any arrangement, coordination, or direction with respect to the

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expenditure between the candidate or the candidate's agent and the person making the expenditure.

"(iii) An expenditure if, in the same election cycle, the person making the expenditure is or has been—

"(I) authorized to raise or expend funds on behalf of the candidate or the candidate's authorized committees; or

"(II) serving as a member, employee, or agent of the candidate's authorized committees in an executive or policymaking position.

"(iv) An expenditure if the person making the expenditure retains the professional services of any individual or other person also providing services in the same election cycle to the candidate in connection with the candidate's pursuit of nomination for election, or election, to Federal office, including any services relating to the candidate's decision to seek Federal office. For purposes of this clause, the term 'professional services' shall include any services (other than legal and accounting services solely for purposes of ensuring compliance with any Federal law) in support of any candidate's or candidates' pursuit of nomination for election, or election, to Federal office.

Mr. FAZIO. Mr. Chairman, I have what I think is an improvement in the Republican amendment at the 103rd Congress, and I would like to have that passed out. I think it really goes to perhaps some of the concerns you considered when you decided not to include it when you were firing with real bullets.

In light of the Majority's rejection of that other language, I have made three modifications, one of which resolves some of the uncertainty regarding the reach and scope of this. It would go first to the clarification that election-related communication only needs to be reported if it identifies or refers to a specific candidate or political party. Obviously, that helps ensure that our amendment does not reach true issue advocacy, if that is your concern.

Second, the modified amendment would apply only to payments for communications that are made within 90 days of an election. So we are not talking about something that would be done in the period right after the primary event. We didn't want to interfere with the debate over issues. We simply wanted to go to that period, much like we have done with our franking regulation that says 90 days before an election you might not be surprised to think that this money was spent to influence the outcome.

Additionally, we recognize that organizations that engage in a minimal amount of communications are really not the problem. They are not spending millions and millions of dollars. So we have not required reporting of organizations that spend less than $10,000, even though we realize that individuals that might want to pay a lot of lawyering fees could create a lot of small entities that could be effective in a lot of districts. We will obviate any concern that we are out to sure press small organizations that want to be part of the public dialogue.

So we are also willing to go to a point of recognizing that large contributions and payments poison the political system, not small ones. So we would say the reporting requirement applies only to payments in excess of $200. That is the same threshold we use for campaigns in general.

So we are not going after people, for example, who may want to contribute to right-to-life organizations or pro-choice organizations that want to put up $25 or $100. We are not after those kinds of individuals.

So we have really tried to limit this and target it more to what we think are obvious to everyone, the basic problems of large donors spending millions and millions of dollars before elections to affect the outcome with totally inappropriate and unrecognized, unreported kinds of money.

The CHAIRMAN. So this amendment affects the kinds of activities that some labor organizations are currently engaged in?

Mr. FAZIO. Let the chips fall where they may, Mr. Chairman. We are not out to speak for anybody. We are here to try to protect the public from having this kind of money spent without any knowledge.

The CHAIRMAN. Since you have such a broad definition of advocacy, we can go after areas that are clearly nonadvocacy as well, or are you including a definition of advocacy so you can skirt that?

Mr. FAZIO. We were going with the definition you used in the last cycle, the last congressional cycle, the 103rd Congress.

I might add, for better or for worse, there are many people contributing in this environment who are more than happy to talk about how much they are spending. Organized labor is one of those entities. There are many others who have gone public with what they intend to do. But many, many more choose to stay out of the public domain, out of the limelight, do not call their shots, so-to-speak, and would rather have their influence be pervasive, without the knowledge of the press or public.

The CHAIRMAN. Any additional discussion?

Mr. BOEHNER. If the gentleman will yield.

The CHAIRMAN. You can have time.

Mr. BOEHNER. There are some groups out there that are making clear what they expect to spend. There are some who are clearly misleading the public about what they intend to spend.

Now, we are all aware of one particular large organization that has said it is going to spend $35 million in the campaign, when in fact it is likely that they and their allies will spend hundreds of millions of dollars trying to influence the election.

So I would not call these people saints because they have said a sum of money they intend to spend, but in fact will spend much, much more than that.

Mr. FAZIO. Mr. Chairman, may I have some time to respond?

The CHAIRMAN. Certainly.

Mr. FAZIO. My first premise is if anyone is lying, let's get to the bottom of it. Let's find out. I would like to know whether what somebody in fact says they are going to spend is spent. It might be they are boosters or low-ballers. We have no idea. Let the public know through disclosure.

Let me show you what we currently face. This is what has been discussed in terms of issue advocacy money outside FEC jurisdiction as of a couple of weeks ago. Labor with its well-known highly publicized $35 million. Republican soft money, so far, $48.8 million. And that, again, is probably an early estimate, not something that we could yet include as the total amount. Just the opening bid.

Here is how it breaks down. Republican National Committee, $20 million. The so-called "Coalition," which includes the Chamber of Commerce, the National Restaurant Association, the National Association of Manufacturers, I think NFIB, and others have already publicly said $20 million. The Christian Coalition has a $5 million figure. We consider that very low, but since that is the figure they have given in the press, we will take it. Americans for a Balanced Budget, $2 million.

This is just the beginning. These are the few entities who are willing to go public. I think to some extent we ought to thank them, because they have voluntarily participated in what I am asking everyone to participate in, and that is public disclosure.

Mr. GEJDENSON. If the gentleman will yield, Mr. Boehner might be able to tell you if these are accurate figures. My understanding is he played a substantial role in raising some of this money and getting these commitments.

I would be happy to yield to the gentleman, or I guess I would have to ask you to yield to the gentleman, if he wants to tell us whether these figures are high or low?

Mr. BOEHNER. I would be happy to suggest to the gentleman that I played no role in raising any money for any of the organizations that you have outlined.

Mr. FAZIO. Does the gentleman have some response to the point that if people are not accurately telling the media what they are doing, we ought to require that they file this material so we all know?

Mr. BOEHNER. What the gentleman wants to do is in one category of spending require disclosure, but in other areas, not require disclosure.

Mr. FAZIO. What area would you say we are not providing disclosure? I am running out of area.

Mr. BOEHNER. How about this area of nonexpressed advocacy? Where anybody can go out and say anything they wanted, as long as they don't expressly indicate they should vote for or against a particular candidate.

The CHAIRMAN. If the gentleman would yield, the problem is that given the jurisdiction of this committee, and one of the reasons we didn't pursue the issue in the campaign finance legislation, is that you cannot get adequate disclosure. The gentleman is more than willing to require adequate disclosure with the narrow jurisdiction, and even in his own amendment he has to bend the definition of "express advocacy" to go where he wants to go.

If the gentleman is willing to join us in moving into the Economic and Educational Opportunities Committee and the Ways and Means Committee, we could in fact ensure complete disclosure, rather than the disclosure as outlined by the gentleman in his bent version of express advocacy. I would be more than willing to move forward.

It seems to me that you keep repeating the voluntary announcement of this. I find it ironic that the labor unions didn't even have the courtesy to come before this committee to discuss what they were doing, if in fact, they have been so forthcoming in explaining what they are doing from a campaign point of view.

Mr. FAZIO. Mr. Chairman, the labor unions have been so forthcoming that you and all of the people you ally with have been ecstatic over the ability to beat them over the head and demonize them and raise far more money from their opponents in the political process. But the point I would make is I would be more than happy to see this bill referred to the Education and Labor or Economic and Educational Opportunities Committee.

The CHAIRMAN. I am sure the gentleman would. I would not.

Mr. FAZIO. I would like to see it sent to the Ways and Means Committee, if that is what it takes to cover nonprofits and other types of entities in the complete disclosure I would require.

The CHAIRMAN. I would join with the gentleman in separate legislation. If you want to cast your net broader in terms of disclosure, the Chairman will be with you in moving to that broader disclosure on any of the forms any of these organizations have to file, whether it is a LM–23 form with the Department of Labor, the National Labor Relations Board, or the nonprofit status, 501(c)(3), (4) and (5) in the Tax Code. It is difficult to put it in this kind of a package; we drew it narrowly for obvious reasons.

Mr. FAZIO. We would be happy to work with you in more comprehensive legislation. It seems to me this committee should exercise all of the jurisdiction we have to do what we can do on a bill that clearly is not going to any other committee before it goes to the Floor next week.

The CHAIRMAN. Any additional comments on the amendment?

Mr. HOYER. Mr. Chairman, I will support this amendment. I understand the jurisdictional problems that the Chairman speaks of.

I think this is somewhat of a specious argument about the $35 million that labor is going to raise. We all know the Republican Party, as opposed to the Democratic Party, has historically raised more funds than we have. Those are undisclosed funds. From many of the same sources and from obviously many different sources.

But the bottom line is that the American public needs to know is who gives what, when, and to whom. Why? So they can make a determination whether there is a nexus between those who give and the actions that are taken by that Member or that party. That is what this really in the final analysis is all about. Whether it is $1,000 or $10,000 or $100,000, the public in my opinion is smart enough, rational enough, alert enough, to make a determination as to whether or not that is why someone votes on an issue or whether they vote on that issue because they believe it is in their best interests, the best interests of the district, the best interests of the country. I, frankly, think the public can make that judgment on their own if there is disclosure, if there is disclosure.

As I understand this amendment, it affects everybody, not one group over another or one group less than another, and as a result, I think it is a step in the right direction.

As to the jurisdictional issues, Mr. Chairman, let me make an observation with respect to the legislation we have considered over the last 18 months in this Congress. The Rules Committee has found absolutely no problem whatsoever, Mr. Chairman, in rationalizing jurisdictions, and in fact, as you know, up until approximately 4 months ago, 70 percent of the legislation considered on the Floor of the House was from the Rules Committee, not from the authorizing committees.

That is to say, the authorizing committees did not report the bill directly; that the Rules Committee then reported it. It was a Rules Committee-written and promulgated bill.

So, Mr. Chairman, I would support this. Your observations are absolutely correct. I understand your problem as the Chairman of the committee. My suggestion is that if our objective is to make sure that the American public has the information as to where all of us get our money, where the parties get the money, what special interests are trying to influence them one way or another, then I think this amendment makes sense.

A specific point is that we all know that the insurance industry spent estimates of between $100 and $200 million on Harry and Louise and related advertising with respect to the President's proposed health care program. You can argue that program for or against. But the fact of the matter is the insurance industry, which had a very specific interest in that legislation, spent between $100 and $200 million to convince the American public it was not in their best interests.

The insurance industry, in my opinion, thought it was in their best interests. I have no objection to that. That is a legitimate position for them to take. But none of that money, of course, was disclosed and the public didn't have an opportunity to make a judgment. They could speculate. It was reported on in speculative terms.

But I think this amendment would be a salutary, have a salutary effect on the public's level of information. It would help them make a better judgment.

Mr. FAZIO. If the gentleman would yield, I share the concern the Chairman has about a broader approach to nonprofits that might require us to go to the Ways and Means Committee. But the language in this amendment specifically relates to elections, to 90 days before an election, and it is clearly in the provision of this committee to deal with this kind of election nearing under the guise of some sort of issue advocacy. So I do think we are totally appropriate in our amendment and its consideration here.

Mr. HOYER. Thank you, Mr. Chairman.

The CHAIRMAN. I might briefly respond, that is one of the concerns I have with the amendment, and that is if you fix a 90-day period, it simply means that once again you are creating a game that individuals will be able to play on a pre 90-day basis.

One of the things we are trying not to do is, to the minimum extent possible, put procedures into the law which will allow for game playing.

Any additional comments?

The vote, then, is on the amendment by Mr. Fazio amending Section 303.

All those in favor?

Those opposed?

In the opinion of the Chair, the noes have it.

Mr. GEJDENSON. Mr. Chairman, we might as well take a vote.

The CHAIRMAN. The Clerk will call the roll.

The CLERK. Mr. Ehlers.

Mr. EHLERS. No.

The CLERK. Mr. Roberts.

Mr. ROBERTS. No.

The CLERK. Mr. Boehner.

Mr. BOEHNER. No.

The CLERK. Ms. Dunn.

[No response.]

The CLERK. Mr. Diaz-Balart.

Mr. DIAZ-BALART. No.

The CLERK. Mr. Ney.

Mr. NEY No.

The CLERK. Mr. Fazio.

Mr. FAZIO Aye.

The CLERK. Mr. Gedjenson.

Mr. GEDJENSON. Aye.

The CLERK. Mr. Hoyer.

Mr. HOYER. Aye.

The CLERK. Mr. Jefferson.

[No response.]

The CLERK. Mr. Pastor.

Mr. PASTOR. Aye.
The CLERK. Mr. Thomas.
The CHAIRMAN. No.
The Clerk will announce the vote.
The CLERK. Four ayes; six noes.
The CHAIRMAN. There being four ayes and six noes, the amendment fails.
[Amendment offered by Mr. Fazio follows:]

F: P4 CFR96.DEM\DISCLO
Disclosure of activities of certain organizations (based on HR3470)

AMENDMENT TO H.R. 3760
OFFERED BY MR. FAZIO

Insert after section 302 the following new section (and conform the table of contents accordingly):

SEC. 303. DISCLOSURE OF ELECTION-RELATED ACTIVITY BY CORPORATIONS, LABOR ORGANIZATIONS AND NONPROFIT ORGANIZATIONS.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by section 101(b) and section 302(j), is further amended by adding at the end the following new subsection:

"(f) Any corporation, labor organization, or nonprofit organization that makes a payment for a communication or other activity that—

"(1) relates to any election for Federal office; and

"(2) in the case of a corporation or labor organization, by reason of subparagraph (A) or (B) of paragraph (2) of section 316(b), is not a contribution or expenditure;

shall report such payment to the Commission in the same manner as a contribution or expenditure, as the case may be, is reported by a principal campaign committee of a candidate for the House of Representatives or the Senate under this section.".

The CHAIRMAN. Any additional amendments?

Mr. FAZIO. One more, Mr. Chairman, to the bill, and then we have perhaps two substitutes. One amendment I would like to bring before us relates to the FEC authority, which is in the third title of the bill.

This really goes to a problem that has been growing. It certainly is a contemporary problem as it relates to how we go about enforcing the limitations under the Presidential campaign finance process. I would argue that the Dole Presidential campaign has perhaps at least violated the primary spending limits. But the FEC can never act in a timely way.

The FEC is in effect a toothless tiger. The process always rewards those who take steps that may well be outside the law, but which can never be dealt with in any time. We have had examples of this at State congressional levels as well. So what this amendment does is increase their enforcement authority. It allows the FEC to take immediate action against ongoing election law violations. This is directly from the bipartisan McCain-Feingold Senate bill, and I believe will go a long way to letting the American people believe that when candidates cheat and get away with it, they will pay the price before the election, and not only in retrospect, where some fine is easily afforded because victory is theirs.

It seems to me it is long overdue and gives this agency the power that any other regulatory agency has to act in a timely way to advantage the public in their interests in the process.

Mr. GEJDENSON. Will the gentleman yield for a question? Wouldn't this same power protect the innocent?

Mr. FAZIO. Absolutely.

Mr. GEJDENSON. From the sense that all too often it seems charges are raised during campaigns with the full knowledge that the candidate will not be found exonerated until well after the election. So one of the great new tricks in politics today is file some FEC complaints. You know it is not going to be thrown out until after the election. Meanwhile, you have mucked up the water. Not only would this go after the guilty, it would protect the innocent.

Mr. FAZIO. I agree with the gentleman. I am sorry we can't apply it to the Ethics Committee, which has become another place where this kind of activity happens on a regular basis. Create the cloud of suspicion and know it will not be blown away until after the issue of the election is behind us.

The CHAIRMAN. Any additional comments on the amendment?

Mr. EHLERS. Mr. Chairman, I assure you I have the same concern that the sponsor of the amendment does. I wish this was an area we could address. The problem is real. I have experienced it a number of times over the year and have seen it many times. However, I don't believe this ammendment will provide the solution. It may solve that particular problem, but it creates an even greater problem, and that is the difficulty I have with this. I don't know what the solution is, but I would envision, in fact, I am sure this would happen, that this approach would yield even greater abuses.

The difficulty of the abuse in this case is that it is something that cannot be cured because the election would be over before the courts have finally ruled.

You would see the courts flooded with requests for injunctions. Some would be granted and a number of those would turn out to not have been wise and will have had an impact on the election that cannot be undone.

In other words, I have sympathy with what you are trying to do, but I don't think this is the answer, and I wish I knew of a good answer to do it. Thank you.

The CHAIRMAN. Any additional comments?

I will tell the gentleman when you read the specific wording in the bill, it causes me great concern. We are dealing with what the courts have clearly said is a fundamental First Amendment right, freedom of speech, supported by the structure of the legislation. What you have here is a characterization—that someone carried on some kind of illegal activity and there is a lot of it going on, and they are getting away with it, and so that is the way it is conducted.

That is not what this amendment says. The amendment says on line 9 that the commission believes, lines 7 and 8, there is a substantial likelihood that a violation of this act is occurring.

I think you will find in a fundamental, constitutional area of elections, giving a simple majority of the commission the opportunity to jump in and chill First Amendment rights at that level would clearly be opposed by the Court.

What also concerns me is that the gentleman from Michigan has rightly identified a problem. In writing our legislation, we attempted to deal with, for example, the majority in district, the way the IRS does. If you are out of compliance, please have a check accompanying the out of compliance report. We removed the delay of the violation. There are a number of options we can pursue which would remove the delay of a violation. What you have done here is given the FEC the power, based upon their belief that a violation has occurred, to go in and, in fact, change the result of the election.

This is a classic situation in a free society. Do you give authorities the power to directly affect the outcome because they thought wrong might be occurring? Or do you let the outcome occur and then examine it after the fact?

I think you will find the Court has repeatedly held that these are fundamental First Amendment freedoms, that you do not let government have this kind of power before the fact on supposition without clear evidence. I would oppose the amendment.

Mr. FAZIO. Can I speak to your comments? I certain simply want to inform everybody that this doesn't empower the FEC to do anything except ask a court to take action. Of course, the standard is much higher than just the filing of a complaint with them. As you point out, it would have to be a serious concern that would make a majority of this bipartisan commission, three members of each party, take even the step of asking a court to intervene.

So we are not allowing frivolous complaints to rise to the level of very serious violations. It gives the FEC only the authority to shine the light of day on what they think in a bipartisan way is a serious violation of law, and then, again, a court could not take action if they choose not to.

So it really is a protection against this chilling effect that you are concerned with.

The CHAIRMAN. I will tell the gentleman line 18 says they can initiate a civil action not based upon a finding of fact, but upon a substantial likelihood. If the FEC filing a civil action isn't a chilling action on freedom of speech, I don't know what would.

Mr. FAZIO. It says substantial.

The CHAIRMAN. Yeah. Any additional comments on the amendment?

The vote occurs on the amendment. All those in favor of the amendment by Mr. Fazio say, aye?

Those opposed?

In the opinion of the Chair, the noes have it.

Mr. GEJDENSON. A record vote, Mr. Chairman.

The CHAIRMAN. The Clerk will call the roll.

The CLERK. Mr. Ehlers.

Mr. EHLERS. No.

The CLERK. Mr. Roberts.

Mr. ROBERTS. No.

The CLERK. Mr. Boehner.

Mr. BOEHNER. No.

The CLERK. Ms. Dunn.

[No response.]

The CLERK. Mr. Diaz-Balart.

Mr. DIAZ-BALART. No.

The CLERK. Mr. Ney.

Mr. NEY. No.

The CLERK. Mr. Fazio.

Mr. FAZIO. Aye.

The CLERK. Mr. Gedjenson.

Mr. GEDJENSON. Aye.

The CLERK. Mr. Hoyer.

Mr. HOYER. Aye.

The CLERK. Mr. Jefferson.

[No response.]

The CLERK. Mr. Pastor.

Mr. PASTOR. Aye.

The CLERK. Mr. Thomas.

The CHAIRMAN. No.

The Clerk will announce the vote.

The CLERK. Four ayes; six noes.

The CHAIRMAN. There being four ayes, six noes, the amendment fails.

[Amendment offered by Mr. Fazio follows:]

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AMENDMENT TO H.R. 3760
OFFERED BY MR. FAZIO

Insert after section 302 the following new section (and conform the table of contents accordingly):

SEC. 303. DISCLOSURE OF ELECTION-RELATED ACTIVITY BY CORPORATIONS, LABOR ORGANIZATIONS AND NONPROFIT ORGANIZATIONS.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by section 101(b) and section 302(j), is further amended by adding at the end the following new subsection:

"(f) Any corporation, labor organization, or nonprofit organization that makes total payments in excess of $10,000 during the 90-day period which ends on the date of an election for Federal office for a communication or other activity that—

"(1) relates to such election;

"(2) identifies or refers to a specific candidate or political party; and

"(3) in the case of a corporation or labor organization, by reason of subparagraph (A) or (B) of paragraph (2) of section 316(b), is not a contribution or expenditure;

shall report each payment made by the corporation or organization in excess of $200 to the Commission in the

same manner as a contribution or expenditure, as the case may be, is reported by a principal campaign committee of a candidate for the House of Representatives or the Senate under this section.".

The CHAIRMAN. Any additional amendments?

Mr. FAZIO. Mr. Chairman, I have a substitute amendment.

The CHAIRMAN. The gentleman is recognized for the purpose of offering a substitute amendment.

Mr. FAZIO. I am going to depend on some of my colleagues for additional comments, particularly Mr. Gejdenson, who I indicated at the outset has invested a great deal of his political career in attempting to change the current system that we face and are attempting to change in this bill.

As I indicated at the outset, the Democratic approach to campaign finance reform differs dramatically from the approach that you brought us today. The Republican approach seems to at this point be pretty clear: More money, fewer limits, greater influence for wealthy individuals, as Mr. Gejdenson pointed out in his comparisons, and special interest enhanced in their ability to impact the process.

Sam Farr of California has introduced the American Political Reform Act, which embodies our approach, and I am going to offer it as a substitute in itself. It builds on the efforts of prior Congresses, but does make some significant changes.

First and foremost, the Democratic bill imposes a voluntary ceiling on campaign spending. That is important to reiterate. The Democratic bill will cap campaign spending. As a result, our bill will slow down the money chase and reduce the influence of wealthy special interests.

Our bill, however, will not deprive the American people of the vigorous debate they deserve. Candidates who agree to voluntarily limit their spending will receive highly discounted rates for television, radio and postage.

Secondly, the Democratic bill restores the influence of ordinary working Americans by requiring candidates to raise at least one-third of their contributions from small donors, those who give less than $200. Similarly, our bill limits the percentage of contributions that a candidate can accept from PACs and individuals who give more than $200.

Thirdly, the bill eliminates soft money contributions to the national political parties entirely. Soft money has come under tremendous criticism recently as loopholes through which wealthy special interests can influence the political process and proliferate it.

So by eliminating soft money totally, our bill will show the American people that we are very serious about reforming the political system.

Finally, it includes some of the language we have just attempted to included individually in your bill by making much more available disclosure of the kinds of money that are increasingly pervading the political process.

Mr. Chairman, I think it has been heard in prior Congresses, it has been changed to eliminate any public financing, and has now moved to help candidates, particularly challengers, level the playing field by using the postage similar to what some allege we use here during most of our congressional term, and by giving candidates the right to the lowest possible cost for radio and television, which we think will actually reduce the cost of television perhaps by as much as 50 percent.

The CHAIRMAN. Any comments?

I can indicate to the gentleman that I am familiar with the work of the gentleman from Connecticut in previous Congresses, and I have looked briefly at the Farr campaign finance bill. It seems to follow the pattern that was present in the previous bills.

Just a couple of examples, we basically approached this issue trying to create a level playing field, not carving out special treatment for friends or favorites. My understanding is that Section 401, in terms of bundling, makes sure that particular groups are treated differently than other groups. And as was indicated earlier, the question by the gentleman from Arizona, you will be happy to know, Mr. Pastor, Emily's List is exempted in this piece of legislation. It artfully weaves between punishments for a number of groups to create what appears to be a level playing field.

The group that it weaves around probably more often than any other are incumbents, for what appears to be a limiting-incumbent bill. In fact, for example in the area of carry-over, where we allow absolute matching to remove the time value of money—which is one of the most important uses of money in a campaign—in the Farr legislation offered as a substitute, incumbents are protected in the time value of that money. They get it early, they can be using it, and there is no limit on the way in which it is carried over.

There are a number of additional specific carve outs. My biggest criticism of this kind of an approach is the belief that you can actually take protected First Amendment freedoms such as running for office, donating money and electing people, and put it in a bottle; this creates, if you will, almost a game show of x number of dollars. It is almost a naive assumption that there will be no unintended consequences for creating a very elaborate triggered structure.

One of the primary requirements, that is an individual who voluntarily gives up the right to exercise what the court has said is a constitutional right available to them, will be punished if they do not voluntarily give that right up. It is an attempt to bribe people to participate in a game that you as the incumbent want to set the rules for. I hope most people will understand that this is, in fact, except for the current system, the best possible incumbent protection plan around.

Mr. GEJDENSON. Mr. Chairman?

The CHAIRMAN. The gentleman from Connecticut.

Mr. GEJDENSON. Thank you. I don't want to prolong the evening. I just think it is an interesting contrast of where our concerns lie. The Chairman's concern is that women have too much power in this society because Mr. Farr's bill protects Emily's List. Look around the halls of Congress. Tell me if you think women are overrepresented here? Or maybe, just maybe, I know Mr. Roberts bristles when you talk about class warfare. The Republican proposal here is closer to class genocide.

When you take the limits off, when you take the limits off and you start letting people give $75,000, $58,000, $58,000, no limit, no limit, no limit, in category after category, it seems that the Republican assumption that Mr. Thomas' bill, that there are too many women in Congress and that billionaires don't get enough influence peddled around here.

It is clear where the battle lines are. If you think women and poor and working families have too much access to the halls of Congress, then vote for the Thomas bill, because it is going to shut the doors in their face. You are going to have a woman challenger in a district where she has to raise half the money from her billionaire opponent who will have no spending limit and can raise $1 million in one night at a country club. What is the woman going to do? Oh, no. Emily's List, a nefarious organization. It raises small contributions from women around the country to try to crack the doors open for women. We have to stamp that one out.

Let's see if we can get the board of directors of just one more company to be able to give just a little more money. You increase individual contributions, you increase aggregates, you take the limits off so many categories. But God forbid a handful of women who can give 10 or 100 bucks can participate in the political process. It is outrageous what is being proposed here.

I support Mr. Farr's bill. I am not sure you can find perfect legislation, but I can assure you this, the proposal of the Chairman of this committee would lock out the average citizen from democracy and break open the doors for the wealthiest, most powerful people in this country.

I yield back the balance of my time.

The CHAIRMAN. I understand the gentleman's concern about a fair fight. That is one of the reasons for this legislation—and it is not that Emily's List is for or against women; it is the concept that you write in exemptions for your favorite groups.

The amounts of money that we are talking about are indexed. In the immediate post-Watergate crisis years, they indexed the amounts they thought were appropriate. We are simply bringing them up to the current level. That is all we are doing in terms of indexing.

It is also entirely appropriate that in your legislation you use other people's money to pay for playing your game. That is entirely appropriate. The Democrats thought they could get away with using the taxpayers' money in the treasury. They are now moving to taking money away involuntarily from other groups to pay the cost of playing their game, which is as stacked and rigged as any game around.

Mr. FAZIO. I was concerned with your reference about weaving the language so we would include Emily's List. There is no point in arguing about something that you have woven in your language a method of excluding them.

I mean, the bottom line is, why should you make a distinction for PACs and for lobbyists, when in fact, as Stacy said earlier, you could have a $10 coffee club, but you couldn't collect $10 from the same people with if you were a PAC. What is the distinction? I think it is demeaning, and I think we ought to forget about who is gaffing who here. Let us simply let the process proceed.

The CHAIRMAN. Any additional comments?

Mr. HOYER. Mr. Chairman?

The CHAIRMAN. The gentleman from Maryland.

Mr. HOYER. Mr. Chairman, I am not overwhelmed with this alternative either, as my friend from California knows—both friends from California, Mr. Farr and Mr. Fazio.

First of all, we ought to tell, and I do tell, my friends in Common Cause—and they are my friends—and other organizations, you are not going to stop bundling, period. I don't care what law you write, I don't care what you think you are going to do, you are not going to stop bundling, period.

Why? Because if I am for Sam Gejdenson, I will talk to 10 of my friends because I am for him. I will bundle people, either at a coffee or a rally. I will bundle supporters, whether it be the Sierra Club or the AFL–CIO or the Chamber of Commerce. I will try to bundle as much of the resources as I possibly can so that the objective that I want to see—that is, the election of Sam Gejdenson—occurs. I am convinced that the other side will do exactly the same thing.

I think we make a tremendous mistake in this institution criticizing one another for doing what we do ourselves. It is phony. It demeans the institution, and it demeans each and every one of us. It happens on my side, and it happens on your side. I criticize it on my side and your side.

I don't believe in criticizing people for that which I do and I think is all right, and I am prepared to look my constituents and Americans in the eye and say, "I do this."

I ask my friends to ask their friends for money for my campaign. It costs me $650,000 to get 1,300 points on Washington metropolitan TV. That is unfortunate, and only 15 percent of what I buy is used in my district, but that is the way it is. New York is even worse, and I guess we are two of the worst markets. There are other bad markets around the country that are expensive.

Now, I will tell the American public and my friends in Common Cause, if you will get 100,000 people—and there are 100,000 people who are adults and support Steny Hoyer in my district, I guarantee it—I will probably get close to 100,000, close to 112,000 in this election. If every one of them would give me $10, I guarantee you, I will not take one nickel of PAC money or one contribution over $200. I guarantee it.

That is the reform that we need. We need more Americans to participate and understand they need to advocate the objective, not just intellectually but also with their pocketbook. There are 100,000 people in my district who could afford to give Steny Hoyer $10. I guarantee it.

Now, I am probably going to vote for this amendment because I think it is preferable. But let me also say something. Let us not delude the American public that we are all objective on this issue. We are human beings. We care about our parties, and we believe that our party's philosophy is correct. Almost everybody from this body, in my opinion, supports the alternative which they believe supports their objective.

In our case, we perceive, frankly, Mr. Chairman, your bill as enhancing your ability—that is, the party of which you are a member—it enhances their ability to raise money. Why? Because we think you probably have more money in most districts of America. We think you have more people who have bucks that they can contribute out of their pockets. And you think we are advantaged by PACs, not only because of experience but because of large numbers of people who don't have a lot of money, i.e., teachers, can put

small amounts of money in a pot called a political action committee.

What was that intentioned to do? It was to compete with Clement Stone who reached in his pocket in 1972 and gave Dick Nixon $2.3 million out of his own pocket. In 1974, we said time out; we ought to make it somehow even; we ought to try to level the playing field. So we created political action committees.

I don't have any problem at any town meeting in America saying I believe political action committees make sense, they were a good reform, and they are disclosed. If the insurance political action committee gives me money, boy, they better watch me when I vote on insurance legislation to see whether or not there is a nexus, as I said earlier, between that political action committee's contribution and what I do. If they think there is, if they think I am bought, get rid of me.

But let's stop fooling the American public. Let's stop pointing fingers at one another. The political process, as Mr. Gingrich pointed out, is expensive, but it is not nearly as expensive as selling soap in America. What we sell is democracy, my views and your views, and let the American people make a decision.

Again, unfortunately, we have an awful lot of money in this system that no citizen knows where it comes from or why it comes or who it benefits. So I think more extended disclosure is very important.

Mr. Chairman, I really think that if we are honest with the American public and stop kidding about it, we are not going to stop bundling. I know that is a big deal, bundling. Oh, no. So what does Common Cause do? They try to bundle all the people they can find to bundle the letters they send to me or bundle the postcards they can get to me. They bundle all these things. Why? Because they think it will magnify their ability to impact on public policy.

That is what they ought to be doing. Whether it is Emily's List or the National Association of Manufacturers, they bundle because they want to affect policy. There is nothing wrong with that.

Mr. Chairman, this is a serious debate. I think yours is a serious effort. I think, frankly, Mr. Farr's effort is a serious effort.

I know my time has gone by. But I would hope, ladies and gentlemen, that we not demean each other. I think all of you have a view. It is a legitimate view. I frankly think—as I said earlier, I think your alternative advantages your party. I don't see anything wrong with that.

I think our view tries to at least help keep us even, if not advantage our party, because we are in contention and we want to win. We want our policies to win. But I respect you for your view, and we can debate these honestly.

Mr. FAZIO. Mr. Hoyer, I wanted to ask you to yield for one second. You mentioned Clement Stone and the days we saw $2 million contributions. I would simply want to indicate that a family of four—and there are many in corporate America in control of corporations—could contribute, over a 2-year election cycle under this bill, $2.5 million. So Clement Stone is back.

The CHAIRMAN. I would indicate to the gentleman that perhaps he wasn't here at the beginning of the markup and he might want

to review the Chairman's opening remarks in terms of a reflection of the things that the gentleman just said.

Mr. HOYER. I wasn't here, and I apologize for that. The chairman knows where I was.

The CHAIRMAN. You don't have to apologize. I suggested you might want to look at it.

Mr. EHLERS. Mr. Chairman, just a few comments. I appreciated the comments made by the gentleman from Maryland. This is an extremely difficult area. But I do think that we are trying to be very objective. We certainly are more knowledgeable about this issue than many of the issues we vote on.

Mr. HOYER. That is why it is so difficult to get this through, right?

Mr. EHLERS. You recall Parkinson's law, that we spend the most time on those issues that we know the most about, and some major issues we tend to slide through.

But I speak in favor of the bill and against the substitute, not because I have tremendously strong feelings against it, but I do think the base bill is better.

I think, trying to be as objective as possible, I believe that we have made a very honest effort to improve the current system. We have made a very honest effort to try to provide optimum disclosure, to limit to a reasonable level the influence of groups that band together for one reason or another, and to encourage and increase the participation of individuals and of political parties. I think it is important to strengthen political parties.

This bill does not pander to any groups or organizations. It is an honest effort to try to improve the present situation.

I had one person contact me on this, someone who is not politically active but someone who understood the issue reasonably well, and he said, "I have two simple rules: No cash, full disclosure." He said, "I don't think anything else you do really matters that much."

Mr. HOYER. I second the motion of the gentleman.

Mr. EHLERS. Right. My position is—and it is not one of cynicism, but just one of observation over the years—I really don't believe that this bill is going to affect the total amount of money raised by either major party, or affect the sum of money raised by the candidates of the various parties. Any astute political student will be able to find ways of getting the contributions in to the candidates who need them, and that is part of the political process as well.

But I really do think that the chairman and others who have worked on this bill have done a very good job. I have spent some 20 years in the political arena and have dealt with this issue many times. I think it is the best I have seen as an honest effort to deal with major problems and to make it as straightforward and open a system as possible for individuals and parties to participate.

So I will be opposing this substitute and urge that we adopt the base bill.

The CHAIRMAN. The gentleman from Kansas.

Mr. ROBERTS. Thank you, Mr. Chairman.

I would like to associate myself with the remarks of the gentleman from Maryland and the gentleman from Michigan, more especially in regards to public disclosure. I think the gentleman from

Michigan's friend had the subject pretty well summarized when he said no cash and public disclosure.

It has always been a concern of mine as a former newspaperman, or I guess a journalist—a journalist is an unemployed newspaperman, as I understand it—but I have often wondered if the press would be just as vigorous if, in fact, we did away with PACs, where we know where the money is coming from, and it is in every public local newspaper all across the country, if in fact that were not the indication.

I know many of my colleagues who have spoken again and again and again and again on the Floor of the House against PACs are the same people, as I know from campaign disclosure records, who go to the CEOs and the people involved and say, "I would like a contribution."

I am not sure the press would be able to furnish the kind of public disclosure that is absolutely necessary, I think, if we have an open system.

I would also say to my friend from Maryland that the total money spent in 1994 in regards to campaigns, according to several columns and several experts, amounts to about one-half of what Americans spend on yogurt every year. I think the Speaker made a good point in terms of really taking a look at what is spent in regards to democracy and how we function.

I also wish to say at the first of the proceedings that I have a prepared statement that is part of the record, that I have a great deal of concern in regards to the accountability and the paperwork and red tape and regulations in regards to in-district mandates here, and I am concerned about it. But I do think the chairman has worked exceedingly hard to make that a workable proposition. I want to thank the chairman for his work in providing the public disclosure to the extent that we have it in the bill.

So, there is only one other thing. I would inform my friend from Connecticut that I am not bristling. I haven't been bristling for, oh, several weeks. I will be happy to provide a clean shave every time the gentleman is concerned.

So with that, I will yield back. I am going to vote for the bill, but I do want to compliment the gentleman from Maryland in regards to the comments that he made.

Mr. EHLERS. If the gentleman will yield, just one quick comment. I really sincerely believe that the American public got more out of their campaign contributions than they did the money expended for yogurt.

Mr. ROBERTS. Being chairman of the House Ag Committee, we are all for dairy products, but I think you are right.

The CHAIRMAN. Any additional comments on the substitute?

Mr. DIAZ-BALART. Mr. Chairman, I will vote for the base bill. I believe it is superior to the substitute. I have some concern about a few aspects of the bill, the base bill, but I will vote for it today, at least today, for purposes of permitting consideration by the House of the important issue of campaign finance reform. I have learned from the debate today and look forward to the end of this meeting.

The CHAIRMAN. Does the gentleman wish to close on his substitute?

Mr. FAZIO. Mr. Chairman, I have not heard a lot of criticism of the Farr bill. I think it is a foregone conclusion as to how we are going to vote.

The CHAIRMAN. I will tell the gentleman that the Majority views will include all of the stuff that I chose not to verbally present, if the gentleman wishes——

Mr. FAZIO. I will read it voraciously.

The CHAIRMAN. Bristlingly.

Mr. FAZIO. My concern, frankly, for purposes of discussion about the bill that this committee will adopt today and send to the Floor, is that it really goes in the opposite direction of what most Americans want to see us do. And to literally allow a wealthy family that may be corporate owners of a large enterprise—and I can think of several—to contribute as much as $2.5 million in an election cycle, hard money, apart from corporate contributions, is really to allow some people to have more free speech than others. It is really to put even more emphasis on what you carry in your wallet than what you have to say on the stump. And it looks to me as if that is the direction that this Congress wants to go, certainly the House of Representatives wants to go, and I think it is wrong.

I am for strengthening parties, and I think we can do it in a balanced way that will give parties more influence. But to have no limits whatsoever and allow the parties to gain from the wealth of individuals to this degree, to give the national party $174,000 per year from individuals who are currently allowed to give $20,000 per calendar year, is, I think, really defying not only conventional wisdom but public opinion. I think it does it in a way that this Congress would live to regret were it to adopt it.

I certainly don't expect that, but I do think it will pass the House of Representatives because it has become, in fact, the Republican bill. But I think people need to look once again at the Farr bill, which goes to leveling the playing field, to limiting, but reasonably, the amount of money that is spent.

I could tell you, frankly, on a personal level, I probably would be disadvantaged by it, but I think it would be an advantage for the public, an advance for those of us who seek election in this atmosphere, and I would hope when we get to the Floor we would have an adequate opportunity to explore it in much greater depth and to draw in very clear terms the contrast between the philosophy that guides your version and that that we have had offered by Congressman Farr of California.

The CHAIRMAN. If there is no further discussion, the vote is on the substitute. All those in favor say aye; those opposed, no.

In the opinion of the Chair, the noes have it.

Mr. GEJDENSON. A roll call, Mr. Chairman.

The CHAIRMAN. The Clerk will call the roll.

The CLERK. Mr. Ehlers?

Mr. EHLERS. No.

The CLERK. Mr. Roberts?

Mr. ROBERTS. A bristling no.

The CLERK. Mr. Boehner?

Mr. BOEHNER. No.

The CLERK. Ms. Dunn?

[No response.]

The CLERK. Mr. Diaz-Balart?
Mr. DIAZ-BALART. No.
The CLERK. Mr. Ney?
Mr. NEY. No.
The CLERK. Mr. Fazio?
Mr. FAZIO. Aye.
The CLERK. Mr. Gejdenson?
Mr. GEJDENSON. Aye.
The CLERK. Mr. Hoyer?
Mr. HOYER. Aye.
Mr. FAZIO. Aye.
The CLERK. Mr. Jefferson?
Mr. JEFFERSON. Aye.
The CLERK. Mr. Pastor?
Mr. PASTOR. Aye.
The CLERK. Mr. Thomas?
The CHAIRMAN. No.
The Clerk will report the vote.
The CLERK. 5 ayes and 6 noes.
The CHAIRMAN. There being 5 ayes and 6 noes, the substitute is not agreed to.
[Amendment offered by Mr. Fazio follows:]

F:\P4\CFR96\DEM\ENJOIN.002
Enjoining violations of FECA (based on HR 2566)

H.L.C.

AMENDMENT TO H.R. 3760

OFFERED BY MR. FAZIO

Insert after section 302 the following new section (and conform the table of contents accordingly):

SEC. 303. AUTHORITY TO SEEK INJUNCTION.

Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) is amended—

(1) by adding at the end the following new paragraph:

"(13)(A) If, at any time in a proceeding described in paragraph (1), (2), (3), or (4), the Commission believes that—

"(i) there is a substantial likelihood that a violation of this Act is occurring or is about to occur;

"(ii) the failure to act expeditiously will result in irreparable harm to a party affected by the potential violation;

"(iii) expeditious action will not cause undue harm or prejudice to the interests of others; and

"(iv) the public interest would be best served by the issuance of an injunction,

the Commission may initiate a civil action for a temporary restraining order or a temporary injunction pending the outcome of the proceedings described in paragraphs (1), (2), (3), and (4).

"(B) An action under subparagraph (A) shall be brought in the United States district court for the district in which the defendant resides, transacts business, or may be found, or in which the violation is occurring, has occurred, or is about to occur.";

(2) in paragraph (7), by striking "(5) or (6)" and inserting "(5), (6), or (13)"; and

(3) in paragraph (11), by striking "(6)" and inserting "(6) or (13)".

Mr. FAZIO. Mr. Chairman, I have one additional substitute.

The CHAIRMAN. The gentleman is recognized for the purpose of offering one additional substitute.

Mr. FAZIO. It will be very brief. I think everybody knows that, given the time frame which we are addressing, these 20 or so more legislative days between now and the October break for the election, this bill isn't going to have much chance of passage. I think Senator McConnell and the Republican leadership of the Senate have made it clear that they are not interested in taking up legislation that is bipartisan in scope; and so Senator Dole, confronted with a similar reality on the other side, decided that rather than simply have this Congress written off as a Congress that failed to deal with one of those issues that we all say is one of the most important on our legislative docket, he proposed that we create a commission, a commission that would report back, I believe, in the next Congress, and give some direction on a bipartisan basis to those who will be elected and empowered by membership on this committee or its successor to deal with this issue once again.

It seems to me that the Senator's proposal to draw up a bipartisan commission that would be balanced between the two parties and the two bodies, which would include the executive branch through appointments of the President, makes some sense. At least it would not remove this committee's jurisdiction. It would use a fast-track approach—not an approach that would mandate, as the BRAC would, any conclusion, but it would advance the cause and require us to work more diligently toward bipartisan compromise, require it to be done early in the session so that we wouldn't come up against the deadlines that give away the ability to filibuster. The practical problems of just forcing the two bodies to reconcile our differences because we raise money in such different ways.

I think it would be a constructive way for this committee to comment on the issue, and I would hope it would pass on suspension if it were enacted, because I think everybody realizes to walk away, having made two kinds of dramatic passes at campaign finance reform that we all knew weren't going anywhere in both Houses of Congress, is probably the most cynical thing we could do and the thing that would bring down the most bipartisan contempt on the institution of Congress.

So, Mr. Chairman, I would put it before the committee as a way, a last-ditch way, of perhaps trying to find some way out of the impasse that we are obviously in.

The CHAIRMAN. Does the gentleman from Michigan wish to be recognized?

Mr. EHLERS. Thank you, Mr. Chairman.

I strongly oppose this as a substitute even though I have no objection to the formation of a commission eventually. But it seems to me if we adopt this as a substitute we are conceding defeat to the Senate before we even start. I would much prefer to pass the bill that we have before us, and send it to the Senate.

I understand from some conversations with individuals in the Senate that they harbor some faint hope that something like this might receive serious consideration, I recognize full well that strange things happen to bills after they pass the House; as they leave the Chamber and head toward the Senate and across the Ro-

tunda they seem to develop anemia. They languish in committee for months without nourishment and eventually die from neglect.

I am hoping, however, that this bill might avoid that fate, and I would strongly object to using this as a substitute because, as I say, it is conceding defeat and assuming that the base bill will die before it even has a chance. I am not willing to concede that and I am willing to fight for it. If nothing happens, I would certainly be perfectly willing to consider the creation of a commission at the end of this session and ask them to report back next year.

Thank you.

The CHAIRMAN. Any additional comments?

I would just say briefly that—and I did not engage in any kind of a vigorous debate with the gentleman from California, but if you really want to find out what most people want in campaigns, they want to return control to the people who, they think, are the ones who should have control and they are the ones who vote in the elections. The only proposal that returns that control is the Majority's bill which requires a majority of funds to come from individuals who reside in the district, unless someone exercises particular rights of the Constitution or otherwise.

It is the most open bill in terms of disclosure, and I find it somewhat ironic that the gentleman from California, in this particular instance, is more than willing to set up an elaborately controlled game that requires people, as an initiation, to play that game, to give up their constitutional rights. That is the reason that I strongly oppose the gentleman from California, Mr. Fazio's, most recent iteration of the Democrats' bill to set up the numbers.

This particular commission exhibits some similar problems in terms of giving up responsibility to a taxpayer-funded entity that may or may not understand the kind of scope and direction of change. Just because we fail to come to agreement at this particular time does not, in my opinion, mean that we will have failed to come to agreement on a package that is reasonable reform and that can advance disclosure and control by the American people of the election process beyond what we now have.

I just have a very difficult time, as the gentleman from Michigan does, to say that the Minority's willingness to substitute a commission for specific reform controlled by the elected Members concerns the gentleman very much and puts into some kind of doubt the approach of the other offerings which were very specific. I can assure the gentleman, were he in the Majority, this substitute would never have been offered; because I learned over the years of being in the Minority from the Majority, and I oppose this substitute.

Mr. FAZIO. Mr. Chairman, might I comment?

The CHAIRMAN. Certainly. You can close on your second substitute.

Mr. FAZIO. First of all, I have been working very diligently to help heal you from your experience in the Minority, and I am having a very hard time making the breakthrough I need.

The CHAIRMAN. You went too far.

Mr. FAZIO. I feel terrible about the institutionalization that you exhibit in the Minority role. But the bottom line here is the commission is not our proposal; it is Senator Dole's proposal. And it is offered because of the frustration he felt, because in reality—I hate

to say this to my good friend, Mr. Ehlers—the deal is done. This is a Congress that isn't really going to grapple with this issue, and it leaves at least a legacy for the next Congress that perhaps might lead us to some reconciliation.

I think there is no question that this proposal, assuming it passes the body, will never even be heard in the other body. And I don't think you have to read tea leaves to understand that. Senator McConnell and others have made it very clear when they took this issue up. Senator Lott, Leader Lott, took it up simply to show that there was no support, there weren't sufficient votes for cloture; and as a result, the issue was dead and the signal was sent.

So this is really a last chance to salvage something we might be able to do together that would set the table for the next Congress, and that is all I am really doing. In the name of your candidate for President, I admittedly expropriated his great idea and offer it to you once again.

The CHAIRMAN. There being no further discussion——

Mr. HOYER. Mr. Chairman.

The CHAIRMAN. The gentleman wants to close on the gentleman from California's closing?

Mr. HOYER. Well, I didn't know that we were precluding others from speaking.

The CHAIRMAN. I am not precluding you.

Mr. HOYER. The gentleman already spoke.

Mr. Ehlers' words, I think, are—he speaks with great honesty on all issues, and I don't always agree with his conclusions, but usually his facts are pretty good.

I believe that the Speaker, who is of your party, indicated he thought a commission was a pretty good idea, as I recall, Mr. Chairman—not only the handshake but it was testimony before this committee. So this is not an idea that—the Chairman indicated that if you were the Minority party you would not have offered this. Perhaps not, but the Majority party did in fact offer this; both Mr. Dole and the Speaker indicated they thought a commission was an appropriate idea.

In listening to Mr. Ehlers' remarks, it occurs to me——

Mr. FAZIO. This committee is out of control.

Mr. HOYER. Well, it occurs to me that there is a second alternative here, if this substitute is defeated. And that would be to reoffer Mr. Dole's proposal as an addition—not a substitute for, but an addition to—so that in the event we could not reach agreement on the substance, we perhaps could reach agreement in conference on the commission going forward.

I believe we need to deal with this issue. I think we need to deal with this issue because the American public has a great unease about this issue.

I disagree with the Chairman on his conclusion as to returning this to the people in the district. Not every district, but most districts have probably 20 percent of the population, maybe a little bit more, that have what I would call discretionary income; that is, income which they could contribute, without really hurting their family finances, to a politician, $100 or $50 or some amount like that.

Now, if that is the case, then 20 percent in every district, under your bill, would have the greatest ability to impact the electoral

system. Funds from outside the district, who may want to support, for instance, a John Lewis—now, John Lewis happens to have no opponent, so it is relatively irrelevant this year, but that doesn't happen every year. If interests around the country, who know John Lewis to be an historic figure, who stood at a time and risked his very life for principle—to say that people around the country couldn't say, that's the kind of person I want to support—if the public in Atlanta makes a judgment, that they don't want a Congressman that has 70 percent of his funds that come from Los Angeles and San Francisco and Chicago and New York and, yes, even maybe in Prince George's County, Maryland, then they can make that judgment. But we don't have to impose it upon them. We can have greater trust in the public.

That is what we are talking about, Mr. Roberts talked about, disclosure. That is what the previous amendment was talking about.

And Mr. Chairman, I, frankly, with all due respect, I know you are thinking that that returns power to the people in the district, but very frankly the numbers of people that can really contribute to campaigns in every district in America is far less than 50 percent that can really make a difference. I don't mean $5 or $10, but amounts that really can make a difference. And, therefore, I think from our perspective, this proposal has a perverseness in it which I know you don't intend it to have.

The CHAIRMAN. Will the gentleman yield?

Mr. HOYER. But it is our perception, and I think this is an honest perception, that this will clearly advantage the wealthier voters in a district, and by almost every poll that is taken, the greater the education, the greater the resources in a family, the more likely they are to be Republicans than they are to be Democrats.

Now, that is not meaning everybody, but we all know that is the fact, showed to us by Gallup, Harris and every other pollster that we know of.

I would be glad to yield to my friend.

The CHAIRMAN. I would say perhaps the gentleman from Maryland, since he hasn't lived with the proposal as long as some of us have, is guilty of fighting the last war, as the French did with the Maginot line, because frankly, what most of us have forgotten is that money isn't the most important thing in an election; votes are. Money is the means, votes are the end. If you are out there making those $5 and $10 spaghetti fees and the rest, you are in fact, collecting votes. That is one of the problems with the current proposal that the Democrats are offering and which others have offered, they think the end is money, and you try to deal with controlling money.

The purpose of the underlying Majority bill is to force people back into the district to meet with people, to raise the money, and, in fact, you will need less money in the end for votes, not dollars. I understand the gentleman's view and difficulty in getting into a new structure which, in fact, makes the people in the district who have the vote the controllers of the finances, because frankly it hasn't occurred in a long, long time, since we ran a local election with local structures. And I thank the gentleman for yielding.

Mr. HOYER. Mr. Chairman, reclaiming my time, with all due respect, I want to tell you that the Speaker, in conversation, asked how the victory was attained, said, "Money."

The CHAIRMAN. Under the current system. I agree.

Mr. HOYER. Whatever the system was.

Mr. FAZIO. There is a lot more money——

Mr. HOYER. The answer was money. Why? Because it takes money to communicate. Should it take less money? Yes, I think it should.

The person who has, of course, taken the most public money in America, as we all know, is George Bush, because he has participated in more national elections which had a public financing system. So he has taken a lot of public financing. And I happen to support public financing. I don't think the American public does. I don't think it is a viable alternative. But in Maryland, I was a supporter of it in the 1970s.

I support the Presidential system, which I think has substantially made the system better, notwithstanding the fact that the primary dollars, even though they are matched, skew the system. But in the general election, of course—my time is up—in the general election, of course, it is public financing. And that is not before us. I don't think I misperceive, Mr. Chairman, but I understand your view.

The CHAIRMAN. There being no further comments, the vote is on the amendment in the nature of a substitute offered by Mr. Fazio, which is, in fact, the creation of a commission. All those in favor.

Those opposed.

Mr. GEJDENSON. Roll call, Mr. Chairman.

The CHAIRMAN. In the opinion of the Chair, the noes have it.

The clerk will call the roll.

The CLERK. Mr. Ehlers.

Mr. EHLERS. No.

The CLERK. Mr. Roberts.

Mr. ROBERTS. No.

The CLERK. Mr. Boehner.

Mr. BOEHNER. No.

The CLERK. Ms. Dunn.

[No response.]

The CLERK. Mr. Diaz-Balart.

Mr. DIAZ-BALART. No.

The CLERK. Mr. Ney.

Mr. NEY. No.

The CLERK. Mr. Fazio.

Mr. FAZIO. Aye.

The CLERK. Mr. Gejdenson.

Mr. GEJDENSON. Aye.

The CLERK. Mr. Hoyer.

Mr. HOYER. Aye.

The CLERK. Mr. Jefferson.

Mr. JEFFERSON. Aye.

The CLERK. Mr. Pastor.

Mr. PASTOR. Present.

The CLERK. Mr. Thomas.

The CHAIRMAN. No.

The clerk will announce the vote.

The CLERK. Four ayes, six noes, one present.

The CHAIRMAN. There being four ayes, six noes, one present, the amendment in the nature of a substitute fails.

[The amendment follows:]

F:\P4\CFR96\DEM\SUBST
Substitute (based on HR 3505) H.L.C.

AMENDMENT IN THE NATURE OF A SUBSTITUTE

TO H.R. 3760

OFFERED BY MR. FAZIO

Strike all after the enacting clause and insert the following:

(insert text of HR 3505, as introduced)

AMENDMENT IN THE NATURE OF A SUBSTITUTE

TO H.R. 3760

OFFERED BY MR. FAZIO

Strike all after the enacting clause and insert the following:

SECTION 1. ESTABLISHMENT OF BIPARTISAN COMMISSION ON CAMPAIGN PRACTICES.

There is established a commission to be known as the "Bipartisan Commission on Campaign Practices" (referred to in this title as the "Commission").

SEC. 2. DUTIES OF THE COMMISSION.

The Commission shall study the laws and regulations that affect how campaigns for Federal office are conducted and may make recommendations for change. In studying Federal campaign practices, the Commission shall consider—

(1) whether too much or too little money is spent trying to influence campaigns for Federal office and whether the funds that are spent are sufficiently disclosed;

(2) whether the current laws (including regulations) governing campaigns for Federal office encourage or discourage those most qualified to hold office from seeking it;

(3) whether the existing system of financing campaigns for Federal office promotes trust and confidence in the political process among the electorate;

(4) whether the rules governing access to media ensure that the electorate has the greatest possible opportunity to be informed of candidates' positions on the issues; and

(5) such other matters as the Commission considers appropriate.

SEC. 3. MEMBERSHIP.

(a) COMPOSITION.—The Commission shall be composed of 9 members of the private sector, as follows:

(1) Two shall be appointed by the Majority Leader of the Senate.

(2) Two shall be appointed by the Speaker of the House of Representatives.

(3) Two shall be appointed by the President.

(4) One shall be appointed by the Minority Leader of the Senate.

(5) One shall be appointed by the Minority Leader of the House of Representatives.

(6) A chairperson shall be appointed in accordance with subsection (b).

(b) CHAIRPERSON.—

(1) SELECTION.—Within 7 days after all the members described in subsection (a) (1) through (5) are appointed, those members shall meet and by majority vote select a chairperson.

(2) FAILURE TO MAKE SELECTION.—If, by the date that is 30 days after the date of the meeting described in subsection (b), the office of chairperson is still vacant, all current members of the Commission shall be discharged from further service as members of the Commission.

(c) VACANCIES.—A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) COMPENSATION.—Each member of the Commission shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day during which the member is engaged in the actual performance of the duties of the Commission.

(e) QUORUM.—Six members of the Commission shall constitute a quorum, and any decision of the Commission shall require the affirmative vote of 6 members.

(f) MEETINGS.—The Commission shall meet at the call of the chairperson or at the request of 6 members of the Commission.

SEC. 4. STAFF OF COMMISSION; SERVICES.

Subject to such rules as may be adopted by the Commission, the chairperson, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classifications and General Schedule pay rates, may appoint such staff personnel as the chairperson considers necessary and procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code.

SEC. 5. RECOMMENDATION; FAST TRACK PROCEDURES.

(a) REPORT.—Not later than 30 days after the convening of the 105th Congress, the Commission shall submit to Congress a report describing the study conducted under section 2.

(b) RECOMMENDATIONS.—The report under subsection (a) may include any recommendations for changes in the laws (including regulations) governing the conduct of Federal campaigns, including any changes in the rules of the Senate or the House of Representatives, to which 6 or more members of the Commission may agree.

(c) PREPARATION OF BILLS.—If 7 or more members concur on 1 or more recommendations for changes in the way campaigns for Federal office are conducted, the members agreeing on each such recommendation shall prepare for each a bill that would implement the recommendation, and the implementing bill shall be submitted with the report under subsection (a).

(d) CONSIDERATION BY CONGRESS.—Each implementing bill submitted with the report under subsection (a) shall be given expedited consideration under the same provisions and in the same way as an implementing bill for a trade agreement under section 151 of the Trade Act of 1974 (19 U.S.C. 2191).

SEC. 6. TERMINATION.

The Commission shall cease to exist 30 days after submission of the report under section 5.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated $750,000 to carry out this title.

Amend the title so as to read: "A bill to establish the Bipartisan Commission on Campaign Practices.".

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The CHAIRMAN. No further substitutes? The gentleman from Michigan is recognized for a motion.

Mr. EHLERS. Mr. Chairman, I move that the committee order the bill H.R. 3760 be reported favorably to the House.

The CHAIRMAN. The motion is to pass H.R. 3760. All those in favor.

Those opposed.

In the opinion of the Chair, the ayes have it.

Mr. GEJDENSON. Roll call, Mr. Chairman.

The CHAIRMAN. The clerk will call the roll.

The CLERK. Mr. Ehlers.

Mr. EHLERS. Yes.

The CLERK. Mr. Roberts.

Mr. ROBERTS. A soft aye.

The CLERK. Mr. Boehner.

Mr. BOEHNER. Aye.

The CLERK. Ms. Dunn.

[No response.]

The CLERK. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Yes.

The CLERK. Mr. Ney.

Mr. NEY. Yes.

The CLERK. Mr. Fazio.

Mr. FAZIO. No.

The CLERK. Mr. Gejdenson.

Mr. GEJDENSON. Nope.

The CLERK. Mr. Hoyer.

Mr. HOYER. No.

The CLERK. Mr. Jefferson.

Mr. JEFFERSON. No.

The CLERK. Mr. Pastor.

Mr. PASTOR. No.

The CLERK. Mr. Thomas.

The CHAIRMAN. Aye.

The clerk will announce the vote.

The CLERK. Six ayes, five noes.

The CHAIRMAN. There being six ayes and five noes, the measure is favorably reported to the House.

The Chair's assumption is that the Minority will ask for the usual 3 days, without objection.

Mr. FAZIO. Mr. Chairman, I have some questions and ask to be recognized.

The CHAIRMAN. The gentleman from Michigan wants to allow the usual authority.

Mr. EHLERS. Mr. Chairman, I ask unanimous consent that the staff be authorized to make technical conforming changes to the bill just reported.

The CHAIRMAN. Without objection, the gentleman from California.

Mr. FAZIO. I am simply interested, Mr. Chairman, if you could give us some guidance about where we go from here in terms of Floor time, when we might go to the Rules Committee, whatever procedure we might follow to become, I suppose, the centerpiece of reform week.

The CHAIRMAN. I will tell the gentleman that to the best of my knowledge, reform week is on. It is on the 15th—Stacy, do you have more specific information to respond?

Ms. CARLSON. Our anticipation at this point is that the bill will be on the Floor some point next week, again with the following of your Minority views due Monday night. We would expect them to be available on Tuesday and Wednesday, for consideration on Thursday. That is a tentative schedule for next week.

Mr. FAZIO. So a week from tomorrow we would be on the Floor?

Ms. CARLSON. Correct.

Mr. FAZIO. Thank you, Mr. Chairman.

The CHAIRMAN. Certainly.

There being no further business before the committee, the Committee stands adjourned.

[Whereupon, at 8:20 p.m., the committee was adjourned.]

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